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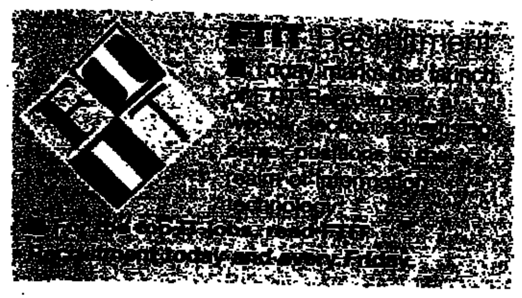
TOMORROW'S **Weekend FT**
Till divorce do us part

World Business Newspaper

FRIDAY FEBRUARY 9 1996



Alitalia to sue recently sacked chief executive

The board of Alitalia, Italy's troubled national airline, is to take legal action against Roberto Schisano, its recently sacked chief executive, for alleged damage caused by his administration. Schisano has consistently rejected all allegations of mismanagement levelled against him by Alitalia and from Iri, the state holding company and chief shareholder of the airline. Page 24

Lithuanian PM sacked over bank crisis

Lithuanian prime minister Adolfas Slezevicius was sacked after parliament voted to dismiss him for his handling of the banking crisis which has badly dented the economy. Slezevicius had admitted withdrawing his personal savings from a Vilnius bank two days before it was closed down. Page 24

French setback on corruption: Political support collapsed for reform of one of the most important legal weapons in France's fight against corporate corruption. Page 2

Israel's right signs election deal: The leaders of two of Israel's main rightwing opposition parties signed a pact aimed at strengthening their chances in an election which it is thought will be held on May 28. Page 4; Editorial Comment, Page 23

NTT, Japan's largest telecommunications operator, admitted it employed officials from the Ministry of Posts and Telecommunications in its Washington office during a time of sensitive talks with the US over procurement of telecoms equipment. Page 24

Sony profits rise: Sony, the Japanese consumer electronics manufacturer, announced a 25 per cent rise in third-quarter pre-tax profits, but warned that a slowdown in overseas markets would result in weaker full-year earnings than expected. Page 25

Tokyo resumes Burma credit: The Japanese government is to extend overseas investment insurance to Burma for the first time since 1988 and give guarantees to Mitsui to develop a $20m industrial park near Rangoon. Page 4

Farnell Electronics' attempts to gain shareholder approval for its £1.8bn ($2.8bn) agreed takeover of Premier Industrial Corporation of the US were set back when the UK life assurer Standard Life said it would vote against the deal. Page 25; Lex, Page 24

UK business leaders denounce Emu: UK business leaders have united to denounce plans for a European single currency as an expensive and dangerous threat to Britain's prosperity. Page 8

German film deals clinched: The Kirch Group, Germany's media conglomerate, and ZDF, the second state television network, have separately clinched large film deals with US studios. Page 25

Ericsson profits up 36%: Swedish telecoms equipment supplier Ericsson saw profits jump 36 per cent and said it expected continuing heavy demand for mobile telephones. Page 27; Lex, Page 24

UK media groups to merge: The UK's United News and Media, publisher of the Daily Express, has agreed a £3bn ($4.6bn) merger with MAI, the broadcasting and financial services group which controls two television companies. Page 25; TV contestants on their marks, Page 23; Lex, Page 24

British Telecommunications reported better than expected third quarter results with a 26 per cent growth in profits before tax. Page 30

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	5,487.43	(-4.69)
NASDAQ Composite	1,088.44	(+3.56)
Europe and Far East		
CAC40	1,956.16	(-27.13)
DAX	2,430.2	(-15.96)
FT-SE 100	3,708.4	(-17.7)
Nikkei	21,118.3	(+174.61)

US LUNCHTIME RATES

Federal Funds	5¼%	
3-mth Treas Bills: Yld	4.809%	
Long Bond	109[illegible]	
Yield	6.139%	

OTHER RATES

UK: 3-mo Interbank	6⅛%	(same)
UK: 10 yr Gilt	99[illegible]	(same)
France: 10 yr OAT	105.01	(105.4)
Germany: 10 yr Bund	99.28	(99.6)
Japan: 10 yr JGB	111.313	(111.49)

NORTH SEA OIL (Argus)

Brent 15-day (Mar)	$16.71	(16.68)

GOLD

New York: Comex		
(Apr)	$411.5	(411.4)
London:		
close	$408.0	(412.25)

DOLLAR

New York: lunchtime		
£	1.5365	
DM	1.47895	
FFr	4.877	
SFr	1.2085	
Y	107.0	
London:		
£	1.537	(1.5373)
DM	1.4762	(1.4773)
FFr	5.0742	(5.0743)
SFr	1.2081	(1.2084)
Y	106.845	(106.025)

STERLING

DM	2.2688	(2.2719)
Tokyo $ close:	Y 106.15	

Albania	LEK220	Germany	DM4.00	Lithuania	Lt5.00	Qatar	QR13.00
Austria	Sch27	Greece	Dr400	Lux	LFr75	S.Arabia	SR12
Bahrain	Din1.250	Hong Kong	HK$20	Malta	Lm0.65	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft230	Morocco	MDh16	Slovak Rp	Sk65
Bulgaria	Lev130.00	Iceland	IKr230	Neth	Fl4.75	S.Africa	R12.00
Cyprus	C£1.20	India	Rs75	Nigeria	Naira80	Spain	Pta250
Czech Rp	Kc50	Israel	Sh9.00	Norway	NKr20.00	Sweden	SKr20
Denmark	DKr18	Italy	L3200	Oman	OR1.50	Switz	SFr3.70
Egypt	E£5.00	Japan	Y300	Pakistan	Rs40	Syria	S£65.00
Estonia	Kr22	Jordan	JD1.50	Poland	Zl5.50	Tunisia	Din1.750
Finland	FM15.50	Kuwait	Fils600	Portugal	Esc300	Turkey	L70,000
France	FFr11.50	Lebanon	U$3.00		E£40	UAE	Dh12.00

Tokyo relaxes pension fund rules

Reform opens way for rise in Japanese foreign investment

By Gerard Baker in Tokyo

The Japanese government yesterday announced sweeping reforms to investment rules governing pension funds, giving more access to foreign fund managers and opening the way for more Japanese investment abroad.

It also announced a further relaxation of controls on foreign exchange trading, including an easing of restrictions on the foreign currency deposits held abroad by Japanese residents.

Mr Eisuke Sakakibara, director-general of the finance ministry's international finance bureau, said he expected the changes to have a big impact on global financial markets. "The consequence of the deregulatory measures is that they will help correct the yen's appreciation," he said.

Financial markets reacted favourably to the reforms, which also give Japanese pension funds more freedom to invest in domestic equities. The Nikkei average of 225 leading stocks closed above the 21,000 level for the first time in more than 19 months, up 174.61 points at 21,118.30. The dollar closed in London at Y106.845, compared with Y106.025 a day earlier.

The main changes, which will take effect within the next few months, are a liberalisation of rules restricting investment advisory companies' access to Japanese corporate pension fund management, and a relaxation of investment restrictions on fund managers.

The Ministry of Health and Welfare said that, from the beginning of April, investment advisory companies including foreign asset managers, will be permitted to manage up to half of the assets of private sector employee pension funds, worth a total of Y38,000bn ($358bn). Investment advisers' access is currently

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restricted to just a third of those funds. From March 1999, the restrictions will be lifted completely.

In the past few years, foreign fund managers have secured far higher returns than the leading Japanese investors, and the change is likely to encourage pension funds to entrust more money to foreigners.

In addition, trust banks, the largest domestic operators of pension funds, will no longer have to invest at least half their funds in government bonds or other safe assets. Trust banks have been restricted to holding at least 50 per cent of funds in safe investments – a maximum of 30 per cent in equities and foreign-currency denominated assets, and 20 per cent in property.

The change may persuade more trust banks to invest in foreign securities and domestic equities, though many of them are against taking such risks.

The reforms have been prompted by the desire for a weaker yen to assist exporters, and the need to improve the condition of the country's pension funds. Japan's ageing population will be a growing burden on pension funds into the next century.

The finance ministry lifted several restrictions on foreign exchange, allowing yen-denominated interest rate swaps between securities houses and non-resident investors, and a blanket approval system for settlements in foreign currency between domestic companies.

Other changes included an easing of regulations governing Japanese residents' foreign currency deposits overseas and dropping some restrictions on "two-step loans", by which Japanese banks lend to institutions overseas through subsidiaries.

Russia set to raise $500m from first Eurobonds

By Nicholas Denton in London and John Thornhill in Moscow

Russia is about to unveil plans for a debut Eurobond issue which will mark its first venture into the international capital markets since the Russian Revolution.

The Russian Federation is expected to announce today that its first international debt issue will be lead managed jointly by J P Morgan, the US investment bank, and SBC Warburg, the investment banking division of Swiss Bank Corporation.

The ministry of finance has not decided on the size of the issue, but investment bankers believe it will aim to raise $300m-$500m. The issue will set a benchmark against which future sovereign and corporate bonds will be priced.

The timing of the announcement and of the proposed issue is unexpected. Russia has not yet come to terms with all creditors on the share of the debt it inherited when the Soviet Union dissolved and on which it defaulted.

Russia concluded an accord with the London Club of creditor banks in November 1995 on a restructuring of its inherited debt but it has not yet reached agreement with the Paris Club of official creditors. This would usually be a precondition of a Eurobond issue.

The choice of lead managers is a severe disappointment for Merrill Lynch, the US investment bank, which had appeared the leading candidate to win the highly prized mandate. Investment bankers said SBC Warburg had been rewarded for its assistance to the Russian government in renegotiating its debts in the London and Paris Clubs.

Debut issues are highly sought after by investment banks because they usually augur long relationships with issuers.

However, the Russian intention to launch the Eurobond ahead of presidential elections on June 16 gives the government and the banks it has appointed a difficult task. International investors will be concerned about the political uncertainty in

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Chancellor seeks support for growth plan ■ 10.8% of labour force without work

Hearing the other point of view: German chancellor Helmut Kohl, seated, listens to the speech of SPD leader Oskar Lafontaine during yesterday's Bundestag debate on unemployment. Picture: Reuter

Kohl urges pay restraint after record jobless rate

By Peter Norman in Bonn

Mr Helmut Kohl, the German chancellor, yesterday appealed for wage restraint by unions and urged the opposition to support government plans to boost growth and jobs after a sharper than expected rise in unemployment.

Severe winter weather played havoc with the building industry and was the main cause of a 368,300 increase in non-seasonally adjusted unemployment last month that left a record 4.16m people – 10.8 per cent of the labour force – without work at the end of January, against 9.9 per cent the month before.

The Federal Labour Office also reported a substantial 59,000 increase in underlying, seasonally adjusted unemployment to 3.85m last month. On this measure, the German unemployment rate rose to 10 per cent from 9.9 per cent in December.

Mr Bernhard Jagoda, head of the labour office, warned Germany's jobless total could increase further this month and that an improvement was expected only in March. January's headline unemployment figure was higher than forecast and 308,942 above the January 1995 level. But it was compatible with last month's Bonn government projections that average unemployment would rise by 280,000 to just under 3.9m this year, Mr Jagoda said.

Addressing the Bundestag, the lower house of parliament, Mr Kohl called on all groups, including unions, employers, federal, state and local governments and the opposition to turn into reality the trade union idea of an "alliance for jobs" in which modest wage rises would be rewarded by increased employment.

He underlined the importance of union restraint in forthcoming wage negotiations and appealed to the opposition and unions to co-operate with the government's 50-point programme for jobs and growth announced last month.

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The chancellor rejected radical policies such as those implemented in the 1980s by Mrs (now Lady) Margaret Thatcher, when UK prime minister. "I never thought Mrs Thatcher's example was a desirable one for Germany where we have a completely different concept of social obligations," he said.

Mr Oskar Lafontaine, the opposition Social Democrat leader, welcomed the conciliatory tone of Mr Kohl's remarks. But he sharply criticised the government's plans – which include lower business taxes, deregulation and proposals to trim welfare to cut non-wage labour costs – as unsuitable and inadequate for solving the jobless crisis.

Record unemployment in January had been widely expected and had no perceptible effect on financial markets.

Other figures from the Federal Statistics Office showed businesses continued to prosper on world markets. Germany's visible trade surplus increased to DM10.6bn ($7.2bn) in November 1995 from DM8.5bn in October and DM7.1bn in November 1994. This was sufficient to produce a DM700m current account balance of payments surplus in November against deficits of DM4.1bn in October and DM700m in November the previous year.

Last month's unemployment figures continued to show a deep divide between western Germany and the former communist eastern states. On a seasonally adjusted basis, unemployment in eastern Germany rose 42,000 last month compared with 17,000 in the west. Headline unemployment in the east rose 144,000 to 1.26m, or 16.8 per cent of the labour force, from 14.9 per cent the month before.

Eurotunnel may ask French court to name debt mediator

By William Lewis and Geoff Dyer in London

The board of Eurotunnel will today decide whether it should ask a French court to appoint a mediator to help solve its financial crisis.

If they decide to go ahead, the mediator is likely to hold talks with Eurotunnel, its banks and the French and UK governments. Negotiations have so far been carried out directly between the company and its banks.

The crucial board meeting comes as Eurotunnel's six main bankers in the so-called steering group have warned the other 219 banks with loans outstanding to Eurotunnel that the court appointment could be used by the company as a weapon in the on-going negotiations on refinancing.

The appointment of a mediator, known as a *mandataire ad hoc*, is the first stage of pre-insolvency proceedings under French bankruptcy law.

Legal experts say that even if the mediator and then a second court appointed conciliator failed to find a solution, insolvency proceedings would not automatically follow. However the French *redressement judiciaire*, a court-based reorganisation procedure, would be the only barrier between the company and liquidation.

Some UK-based banks in the syndicate said they are concerned about the French court move and are considering

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whether they could to block it.

There are also differences of opinion on the Eurotunnel board itself regarding the move.

Eurotunnel has been in talks with its banks about a refinancing since it suspended interest payments on £8bn ($12.3bn) of debt in September.

The debt standstill arrangement can run for up to 18 months but after March 14 a vote supported by banks representing 65 per cent of the total loans could bring it to an end.

Eurotunnel's banks insist the French court appointment would not stop them from being able to end the standstill. They have been warned by lawyers that Eurotunnel could use the appointment of a mediator to press the banks into a settlement.

The warning, in a letter from the agent banks, states: "Directors could use it [the appointment] as a means of putting pressure on lenders."

The letter attempts to allay concerns about the court appointment. "[The appointment] does not require immediate action," it says. It was "an informal procedure" to help companies sort out problems with their creditors. There was "no freezing effect on the rights of creditors".

Leading banks involved in the negotiations said yesterday they had been informed about the possibility of appointing a mediator in December. They said Eurotunnel attempted to use the prospect to get an outline plan approved by the end of January. However the banks had ignored the threat.

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NEWS: EUROPE

US polices Aegean 'while EU sleeps'

Flare-up reaffirms Washington as strategic player, write **Lionel Barber** and **Bruce Clark**

Only weeks after bringing a peace of sorts to Bosnia, the US and its allies face a new challenge in the region – a sharp flare-up in tension between Greece and Turkey, the supposed bastions of Nato in the eastern Mediterranean, over the islets of Imia.

While the crisis contains the seeds of disaster for the western world as a whole, it has reaffirmed Washington's role as the main strategic player in the Balkans and shown up the weakness of European institutions.

Mr Richard Holbrooke, the outgoing assistant secretary of state who brokered the Bosnian accord, denounced his allies' performance with typical bluntness.

"While President [Bill] Clinton was on the phone with Athens and Ankara, the Europeans were literally sleeping through the night," he told the Washington Post. "You have to wonder why Europe does not seem capable of taking decisive action in its own theatre."

Mr Clinton, Mr Holbrooke and the national security adviser, Mr Anthony Lake, were the key figures in defusing a stand-off which was described by one US analyst, Mr Ian Lesser, as "the nearest Greece and Turkey have come to war since the 1970s".

European diplomats call the charge of "sleeping through the night" unfair.

But the drifting in European foreign policy is real enough. The impression of weakness is reinforced by the domestic unpopularity of governments in Spain, the UK and even France – and the fact that Italy, current holder of the EU presidency, is virtually without a government.

At the most recent EU foreign ministers' meeting, the looming Aegean crisis was not even discussed.

The European Commission remained silent on the dispute until yesterday, when it expressed "full solidarity" with Greece as an EU member – and deep concern over the stability of the area.

EU diplomats counter US criticism by pointing to the EU's central role in the implementation of non-military aspects of the Bosnian accords. Mr Carl Bildt, the man in charge of this effort, is so far being funding by the EU alone.

The EU will seek to strengthen its common foreign and security policy (CFSP) at its inter-governmental conference this year. But, as Ambassador Stuart Eizenstat, outgoing US ambassador to the EU, said in a farewell speech in Brussels yesterday, "An effective foreign policy, even in the post-cold war era, still requires the ability to project a credible threat of military power."

Bosnia had shown that "peace would not come until Nato projected its military power in a convincing and sustainable way".

He cited a broader problem: "Key member states do not yet wish to relinquish their prerogatives in foreign policy in favour of a common approach. Until this change of mind-set has occurred, the CFSP will be always less than the Maastricht treaty promised."

The floundering of European policy, and the reassertion of US influence, is evident in several interrelated problems plaguing the southern Balkans.

Washington has played the key role in reducing tension between Greece and its neighbours, Albania and Macedonia – both countries where the US military has a strong presence.

US strategists view the close ties Washington has established with all countries in the southern Balkans as a function of its overwhelming commitment to Turkey.

Mr Holbrooke told Congress last year that Turkey "is now at the crossroads of every issue of importance to the US on the Eurasian continent". He cited Nato, the Balkans, the Aegean, sanctions against Iraq, Russia's role in the ex-Soviet republics, peace in the Middle East, and transit for central Asian energy.

As the strongest backers, within Nato, of the Bosnian government, US and Turkish officials have often found themselves in one corner of debates over ex-Yugoslavia, and much of western Europe on the other.

The warmth of US-Turkish military relations has been highlighted by Mr Clinton's insistence that Turkey be the first US ally to receive an advanced ground-to-ground missile known as ATACMS.

"More than any other Nato ally, Turkey needs to improve its defensive capabilities" in order to "deter and if necessary combat ... a very real missile threat" from Syria, Iran and Iraq, he told a senator who had queried the sale.

Washington's commitment to Turkey has made US officials hyper-sensitive to any European behaviour that offends Ankara. The US put enormous diplomatic effort into ensuring the approval by the European Parliament of a Turkey-EU customs accord.

Turkey's critics on the European left broadened their attack this week to include Turkey's behaviour in the Aegean. The Socialist group in the European Parliament condemned Turkey for "provocations against an EU member".

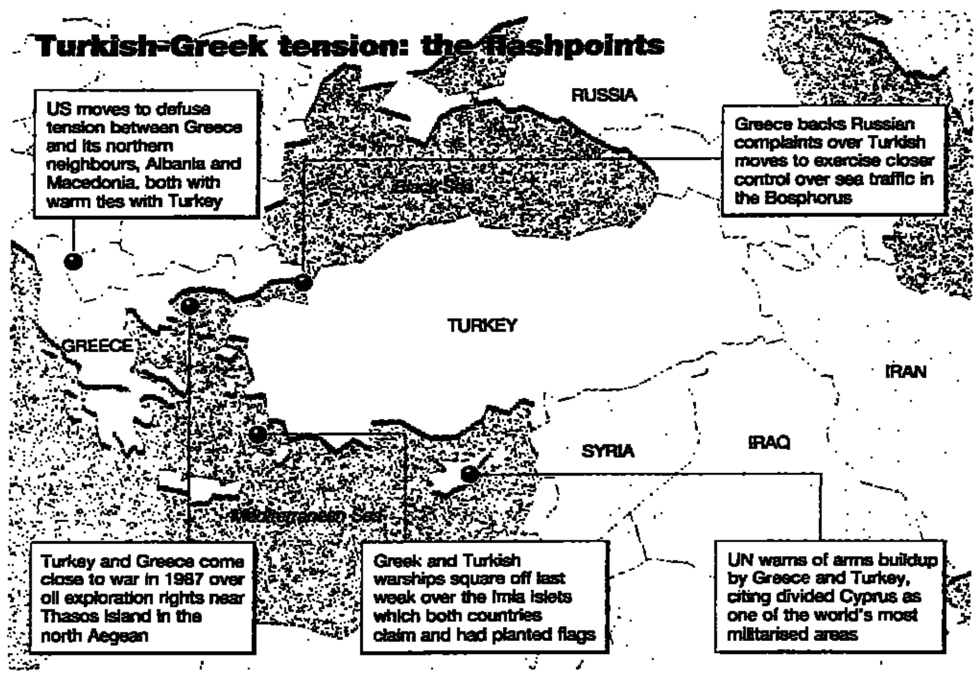
Greece and Turkey are already putting pressure on all their partners to clarify their position over disputes in the Aegean over air, sea and seabed rights.

Turkey wants negotiations without prejudice on as broad a range of topics as possible. Athens, for its part, wants its partners to state formally that international law should be the basis of any arrangements in the Aegean.

The US State Department dismayed Greece by refusing to pronounce on the status of Imia and other uninhabited islets in the Aegean – but then drew a cautious Greek welcome by airing the idea of legal arbitration.

Sir Nicholas Bonsor, Britain's foreign office minister, resisted pressure from opposition Labour MPs to denounce Turkey and insisted the question of sovereignty over the "ridiculously small island" of Imia had not been resolved.

France and Italy were more sympathetic to Greece. But at the height of the crisis, only one leading European country was unequivocal in backing the Greek stress on international law: Russia.



Hungary clears large hurdle to OECD entry

By Gillian Tett in Paris

Hungary appears set to join the Organisation for Economic and Co-operation and Development this spring, after the last significant hurdle for entry was cleared this week.

The republic has now received formal approval from the OECD committees which monitor progress in liberalising countries' investment and financial regimes.

This paves the way for Hungary to become the 27th member of the OECD, which acts as a free market think tank for the world's leading industrialised nations.

The last member to join was the Czech republic, which became the first former Communist entrant at the end of last year. The republic is due to receive further recognition with a visit by Mr Jean Claude Paye, OECD secretary general, next week.

Membership of the OECD does not trigger any concrete financial aid, since the organisation essentially acts as a meeting point and research group.

However, entry into the group is widely seen in Eastern Europe as a sign of recognition of the countries' pro-market reforms – as a well as a reflection of the growing status of the region in Europe.

Consequently, the Czech republic's recent entry has fuelled Hungarian determination to join the organisation – not least Hungary considers itself to have as much claim as the Czech republic to be at the forefront of reforms in Eastern Europe.

Hungary initially applied to join the OECD slightly ahead of the Czech republic. However, in recent years the Czech republic has made faster progress in meeting the OECD's demands for a fully liberalised investment and financial regime.

Poland, which has also indicated interest in joining the OECD, failed to receive the necessary approval from the committees this week.

However, the committee said that it was "encouraged" by some of the reforms that Poland had recently introduced and planned to review its applications again soon. It is widely expected that Poland will join the OECD later this year.

The Slovak republic has also applied for membership, together with South Korea. The OECD is particularly keen that South Korea should become a member, in order to rebuff accusations that the organisation is excessively biased towards Europe.

But although Korea has indicated that it hopes to join by the end of the year, negotiations with the OECD remain slow.

Tension grows over Sarajevo's arrest of war crimes suspects

Bosnian Serbs cut Nato ties

By Paul Wood in Belgrade

The Bosnian Serb army yesterday announced that it was severing all relations with the Nato-led peace implementation force (Ifor) while Serb soldiers continued to be held by the Sarajevo authorities on suspicion of war crimes.

The order was given by the army commander, General Ratko Mladic, who said contacts with the Moslem-Croat federation, both "official and unofficial", would be henceforth banned, as would travel by Bosnian Serbs to federation territory.

Investigators from the International War Crimes Tribunal in The Hague arrived in Sarajevo yesterday to interview the two most senior soldiers among those being detained, General Djordje Djukic and Colonel Aleksa Karsmanovic.

Bosnian government officials said they would be handed to Ifor for extradition to be arranged if the tribunal laid charges.

Gen Mladic had earlier hinted that contacts with Ifor were at risk. He is a close friend of Gen Djukic and was said to be incensed at his arrest. He may also have been further influenced by the fact that he himself has been indicted for war crimes.

Diplomatic sources said the Serbs had been looking for an excuse to abandon the cycle of meetings on implementing the Dayton peace accord as they had been unsuccessful in trying to delay the handover of their suburbs in Sarajevo to the federation. The arrest of the Serb soldiers was seen as an ideal opportunity.

The Bosnian Serb deputy leader, Mr Nikola Koljevic, condemned the arrests as illegal, adding: "The Dayton agreement is not dead yet. It is still kicking but needs infusion and transfusion."

Although Ifor has opened up roads in Bosnia, it needs Bosnian Serb co-operation to monitor the ceasefire line properly. Ifor is seeking this co-operation while helping with the process of bringing to justice suspected war criminals, mainly on the Serb side.

Elsewhere in Bosnia, Mr Hans Koschnick, the European Union administrator in Mostar, hinted that he might not be able to continue his mission, saying that as a German he could not run a divided city. He was speaking after hundreds of Croats rioted on Wednesday over his plan to reorganise the city with a central administration, which the Croats claim will be dominated by Moslems. Mostar was the scene of bitter fighting between the two groups in 1993 and has been run by the European Union since 1994.

Diplomats said the riots were heavily influenced by criminal gangs who fear losing influence. President Franjo Tudjman of Croatia is reported to be preparing to send 100 extra policemen to Mostar to break up the gangs.

Richard Goldstone, chief prosecutor of the International War Crimes Tribunal, speaking in Vienna yesterday. He said Bosnian Serb claims that the Sarajevo government had acted against the Dayton peace accords by arresting two senior Serb officers were 'completely without justification' Reuter

Maccanico holds new talks

Italy's premier designate, Mr Antonio Maccanico, yesterday began a second round of consultations with centre-left and rightwing leaders in an attempt to form the country's 55th post-war government, writes **Robert Graham in Rome.**

Mr Maccanico wants to establish which specific proposals for constitutional reform the parties will support. Although Mr Maccanico continues to exude a quite optimism, he has refused to be pinned down on a timetable for forming a government.

Until now the parties have refused to go into any detail on their two-week-old pledge to introduce a "semi-presidential system modelled on France but adapted to Italy's needs". But yesterday the centre-left alliance, dominated by the Party of the Democratic Left (PDS), spelled out the main lines of its proposals.

This was accompanied by a newspaper article signed by Mr Massimo D'Alema, the PDS leader, in which he underlined the seriousness of his commitment to achieve a proper reform programme.

In the same article he also made a point of praising the seriousness of Mr Silvio Berlusconi, the former premier and leader of the rightwing alliance, who has been his main interlocutor.

However, Mr D'Alema made a strong attack on Mr Gianfranco Fini, the leader of the rightist National Alliance (AN) and the principal ally of Mr Berlusconi.

He accused Mr Fini of deliberately trying to sabotage the formation of the government and threatened that if his obstructionism continued there would be no alternative but go for early elections.

Mr Fini appears to be adopting a tough line insisting on a a directly-elected head of state with strong new executive powers because he is unafraid of going to the polls.

He also senses that both Mr D'Alema and Mr Berlusconi have staked so much on reaching an agreement and making certain the Maccanico government succeeds that they are vulnerable to his pressure.

The main difficulty in forging an agreement is less the precise positions on constitutional reform than how these will be negotiated, and the role of the government in their formulation. Mr Fini insists the government must be neutral. Mr D'Alema argues that the government must have authority to act that is independent of the parties, while still admitting the politicians will enjoy a power of veto.

As a compromise Mr Maccanico has suggested that he have two deputy premiers, drawn from each alliance. However, this idea had been complicated by the refusal of Mr Romano Prodi, leader of the centre-left alliance, to accept such a post. Mr Prodi remains critical of the decision to form a government backed by parties with such diverse ideologies and histories. The same sort of problems remain in drawing up the full cabinet, with each party wishing to have a say the choices.

The proposals put forward by the centre-left for constitutional reform centred round the following main elements:

- direct election of the head of state with two rounds of voting;
- the president nominates the prime minister but the government must have the confidence of parliament (requiring that the parliamentary majority chooses the premier);
- parliament to be elected on a majority system with two rounds of voting;
- the tenure of the president and the life of parliament should not be contemporaneous nor the dates for their elections.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850. Fax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd. London and F.T. (Germany Advertising) Ltd. London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
GERMANY:
Responsible for Advertising: Colin A. Kennard. Printer: Hürriyet International GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Maraviglia, 42 Rue La Boétie, 75008 PARIS. Telephone (01) 5376 8254. Fax (01) 5376 8253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.

Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
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French setback on corruption

By Andrew Jack in Paris

Proposals to modify one of the most important legal weapons in France's fight against corporate corruption appeared to have been crushed yesterday.

Political support has collapsed for a controversial reform of *abus de biens sociaux*, the misuse of corporate property, which is one of the most frequent charges brought by French investigative judges examining allegations of corruption.

Critics of the existing law argue that judges were interpreting it far too broadly, allowing them to launch "fishing expeditions" to unearth a wider range of illegal activities in the link between business and politics.

The RPR Gaullist party majority group in the national assembly resolved earlier this week not to proceed with plans to call for the introduction of a new bill on the subject, despite the fact that the recommendations came from one of its leading members.

Separately, the justice ministry said it had no plans to incorporate a reform of the law into a broader series of revisions to the legal system it is currently preparing.

Mr Pierre Mazeaud, a Gaullist deputy and chairman of the parliamentary law commission, had proposed changes which would limit the time after which *abus de biens sociaux* could be prosecuted to six years after the act took place.

This proposal had been strongly resisted by opposition politicians, who argued that it would lead to an amnesty for corrupt business executives. At the same time, magistrates had protested that it would reduce their investigative powers.

Even the parliamentary secretary of Mr Mazeaud's law commission turned against the proposals, arguing that an official circular from the justice ministry to appeal court judges was sufficient to curb any abuses of the law.

Mr Mazeaud's proposals were also criticised by business groups, which argued that they did not go far enough in restricting the conditions under which prosecutions could be brought.

EUROPEAN NEWS DIGEST

Strike called off at Sabena

Staff of the Belgian airline Sabena last night called off their three-day-old strike amid hopes that unions and management will resume talks. "Tomorrow work will be resumed again," said union spokesman Michel Boels on television. The company, too, confirmed the strike had ended, adding that many employees did not agree with the union-led strike and had signed petitions to go back to work.

The bitter dispute between management and unions erupted after Sabena – which had a BFr1.2bn ($39m) consolidated net loss in 1994 – scrapped several collective wage agreements last year as part of a plan to make it profitable again.

The scrapping of the agreements and plans to freeze wages, raise working hours and bring in more staff flexibility had already sparked a series of one-day strikes late last year. Sabena estimates the daily cost of the strikes at BFr150m ($5m) and, together with the strikes last year, it says it has lost BFr1bn in revenue.

Swissair, which owns 49.5 per cent of the company, warned unions at its troubled Belgian partner earlier yesterday that their strike would lead to further savings measures and job cuts. It said it was worried that "the worsening image of Sabena is beginning to reflect on the whole group – Swissair, included." *Agencies, Brussels*

Léotard challenge to lead UDF

The former French defence minister, Mr François Léotard, yesterday declared his candidature for the presidency of the UDF, the centre-right political coalition. The long-expected announcement ensures a contested election to head the group, which is influential in the national assembly as part of the governing coalition with the RPR Gaullist party.

Mr Léotard, who leads the Republican party, will compete for the job against Mr Alain Madelin, the Republican's deputy head, in a vote next month. Both have called for substantial change in the coalition, which has been presided over since its foundation by Mr Valéry Giscard d'Estaing, the former French president, who will announce in mid-March whether he will stand, or whom he will chose in his place.

Mr Madelin, an economic liberal sacked as finance minister last autumn by Mr Alain Juppé, the prime minister, has said he wants to turn the UDF into a real "force for change". Mr Léotard, under judicial investigation in connection with political funding allegations, said yesterday he wanted it to reflect "the real republican and social values that our country needs". *Andrew Jack, Paris*

Polish petrochemical plant move

The Polish government is ready to consider extending treasury guarantees and other financial support to help build a new petrochemical plant costing more than $1bn at Blachownia in the south, Mr Klemens Scierski, industry minister, said yesterday. However, the state would not back construction of 6m tonnes of new oil refining capacity there, given significant spare capacity elsewhere in Europe. The project to build the plant, which would produce 200,000 tonnes of polyethylene and 150,000 tonnes of propylene, is currently backed by a consortium of local state-owned and private companies.

The government is also pressing ahead with establishing Polska Nafta, a state-owned holding company, which will own the country's two refineries at Plock and in Gdansk; 51 per cent of Ciech, an oil and petrochemicals foreign trader; and a minority share in the national petrol retailer CPN.

Setting it up by the end of the month is the first step in next year's sell-off to strategic investors of minority stakes in the two refineries.

The resulting revenues of more than $1bn would be spent on completing the modernisation of the two refineries, which have a capacity of 16m tonnes. The two plants have an investment programme of $1.5bn. *Christopher Bobinski, Warsaw*

France plans petrol changes

The French government yesterday announced new environmental measures designed to force the country's petroleum companies to include organic elements in their products by the year 2000. The move, which follows similar initiatives in the US and Scandinavia, is partly in response to growing concern about rising urban traffic pollution. However, it also appeals to the agricultural sector, and was unveiled by Mr Alain Juppé, prime minister, at the start of a conference between ministers and farming representatives - the first in eight years.

Under the new requirements being developed by Ms Corinne Lepage, environment minister, petrol will be required to contain organic products such as those derived from rape seed as a substitute for benzine, a known carcinogen, for boosting the octane rating. The petroleum sector reacted angrily. Elf said they were not the way to meet urban pollution concerns. Tax incentives to encourage the use of diesel rather than petrol would be more effective. Ms Lepage said broader measures to reduce air pollution should be drawn up by early March. *Andrew Jack*

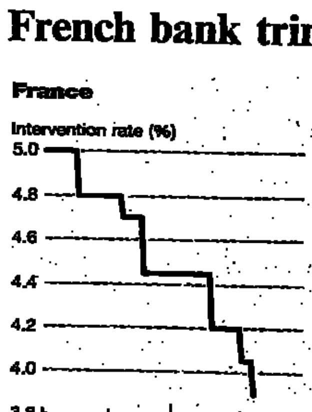
Big loan for Russian shipping

Russia's largest tanker operator, Novorossiysk Shipping, has obtained a $225m syndicated loan from the European Bank for Reconstruction and Development, ABN AMRO Bank and MeesPierson NV to help finance 11 new ships from Croatian shipyards. The ships, all 40,000 dwt product tankers, are due for delivery this year.

Novoship, which operates more than 90 vessels on mainly international trades, is the first private Russian shipowner to seek funds on this scale without a state guarantee. The loan was "substantially" oversubscribed, but not increased from the original amount. The EBRD provided $60m, with 12 other banks subscribing the rest, which was underwritten by the two Dutch banks. *Anthony Robinson, London*

ECONOMIC WATCH

French bank trims key rate



The Bank of France trimmed its key intervention rate again yesterday, by 15 basis points from 4.05 per cent to 3.9 per cent, a level last maintained in the 1960s. The cut in the key short-term rate for money markets follows a series of recent small reductions in short rates in Germany, which have been echoed by small cuts in French rates since November. Ms Fane Edwards, economist at Lehman Brothers, said: "We think the intervention rate could fall to 3.8 per cent before long." The monetary authorities hope these small reductions will succeed in stimulating the economy, which has slowed markedly, without triggering a slide in the franc. The currency yesterday remained broadly stable against the D-Mark. Nevertheless, economists disagree over whether these latest reductions will do much to boost consumer spending and investment – particularly sluggish this year. A survey of consumer confidence by the national statistics body yesterday showed sentiment rebounding slightly in January, after dropping sharply in strike-hit December. However, it remains weak. *Gillian Tett, Paris*

■ EU unemployment swelled to 10.9 per cent in December, up from 10.7 per cent in November.

■ Denmark's current account showed a DKr4.3bn ($750m) deficit in November, against a revised DKr100m in October.

هكذامن الأمل

Spain's opposition Popular party leader José María Aznar (left) in Brussels yesterday with Wilfried Martens, president of the Christian Democrat bloc in the European Parliament AP

Emu debate invades Spain's electioneering

By Tom Burns in Madrid

The debate on economic and monetary union has arrived in Spain with a vengeance and shattered the perception that Madrid, which ushered in the adoption of the Euro at December's EU summit, was unanimously in favour of a single currency.

In recent days a discernible domestic lobby of business, political and economic heavyweights has emerged to argue forcefully that the risks of Spanish membership of Emu are greater than any potential benefits. They do not question Maastricht-inspired policies to lower budget deficits and inflation but they believe the domestic economy, with its high unemployment and unit labour costs, will be penalised if it is linked to the D-Mark in a fixed exchange rate.

The debate looks as if it will undermine the attempts of the governing Socialists and the opposition centre-right Popular party (PP), led by Mr José María Aznar, to keep Emu off the campaigning agenda for the general elections on March 3. The manifestos of both parties present the advantages of Spain's Emu inclusion - as well as Spain's fitness to join a Euro hard core - as self-evident truths.

The polemic is particularly embarrassing for Mr Aznar's party, which is strongly favoured to win next month's elections and will be saddled with the responsibility of leading Spain into Emu. Some of the shriller voices in the anti-Euro chorus belong to those who are tipped to hold office in a centre-right government.

But the Emu-enthusiasm of the Socialist camp is also in peril. A former Socialist economy minister, Mr Miguel Boyer, one of the wise men who helped draw up the Delors report on Emu after he left the government in 1985, bluntly told a packed meeting of business leaders in Madrid on Wednesday night that the timetable to launch the Euro in 2002 was "an economic fiction that is clearly disguising hasty political undertakings".

Even if Spain were to meet the convergence criteria for Emu membership, Mr Boyer said, the cost of actually joining could be very high in terms of domestic growth and employment. The chief thrust of Mr Boyer's argument was that Spain had first to complete structural reforms, particularly in the labour market, to increase competitiveness before it could afford to adopt the Euro and dispense with flexible exchange rates.

Very similar points were raised earlier this week when the Círculo de Empresarios, a grouping of company directors, published its annual report containing acerbic criticisms of Emu. The Círculo appears to be swinging chief executives of big domestic businesses against the single currency.

Presenting the report, Mr Carlos Bustelo, head of the food processing company Oscar Mayer and a former industry minister in the 1970s, said: "We have had a sort of fixed exchange rate in the European monetary system and the consequences are all too obvious."

The governor of the Bank of Spain, Mr Luis Angel Rojo, yesterday tried to rally Emu supporters, saying: "Can the future of Spain be conceived on the sidelines of the process of European unity? I, and I say this emphatically, cannot conceive it."

Banker warns against 'stopping the Emu train'

By Philip Gawith

The risks of proceeding with European monetary union were "negligible" compared with the dangers of integration failing, Mr Ronaldo Schmitz, the chairman of Deutsche Morgan Grenfell bank, warned yesterday.

"From a German point of view, stopping the Emu train would spell disaster," he said. He told the British-German Chamber of Commerce in London that failure of the single currency project would put enormous upward pressure on the D-Mark, leading to sharp interest rate increases in several continental European countries, and regression into "recurring competitive devaluations".

"The final result, I fear, would be renationalisation of economic policy in Europe," said Mr Schmitz.

He said the current debate on whether monetary union would take place was "premature". The decision on which countries will participate will only be made in early 1998, while talk about postponement in the interim would only take pressure off countries to comply with the convergence criteria. "The constant calling into question of Emu just unsettles the markets and darkens the prospects for the introduction of the single currency all the more," said Mr Schmitz.

He conceded that a "badly designed monetary union... would also be bad for European integration" but dismissed this possibility on the grounds that the convergence criteria for monetary union, the European Central Bank's monetary policy, and the rules on budget discipline, would ensure a stable currency.

Mr Schmitz urged the UK to exert greater influence over the design of the EU economic framework, saying the UK and German positions on economic policy were "very much in line with each other". He supported the UK view that extending the social charter would be a mistake, saying Europe needed "a more supply-side-oriented economic policy". He also said the economic benefits of a single currency were obvious, as exchange rate risk was a barrier to the growth of intra-European trade and investment.

Russians consider policy to protect industry

By John Thornhill in Moscow

The Russian government will meet today to discuss industrial policy amid signs that leading ministers are intent on adopting a more interventionist approach to protect domestic producers.

Mr Yevgeny Yasin, the economics minister, is due to present a report on possible measures to assist Russian industry. Although Mr Yasin is widely seen as one of the government's last liberal reformers, he has also publicly outlined a more interventionist role for the Ministry of Economics, identifying and supporting strategic industries as Japan does.

The mood for a more interventionist economic policy certainly appears to be gaining ground within the government. Mr Oleg Soskovets, the first deputy prime minister, who is believed to have strengthened his influence in the government following the recent reshuffle, has sharply criticised the negative impact of the "western" economic reforms adopted over the past few years.

"Many mistakes were made which were brought about by several leaders who directly transferred the practice of market relations in other countries on to Russian soil," Mr Soskovets told the Itar-Tass newsagency this week. "It is necessary to change the orientation towards domestic producers."

At a meeting of the Security Council this week, President Boris Yeltsin also warned that Russia's high-technology base was being dangerously eroded and ordered his intelligence service chiefs to step up their espionage activities abroad to gather information useful for Russian industry.

Many Russian industrialists have complained about a lack of government support. Some have also criticised the strong rouble policy, which is one of the main planks of the government's stabilisation programme, for sucking in imports and making it more difficult to export.

A group of Russia's leading oil companies warned yesterday that their investment plans would be jeopardised if the government did not improve the broader fiscal and business climate.

"In principle, the oil companies are prepared to increase the production of oil. But this requires the solution of one question: oil production must become profitable. It may happen that soon it will be more profitable to import oil into Russia using the terminals that were designed for its export," said Mr Leonid Fedun, vice-president of Lukoil, one of Russia's largest oil producers.

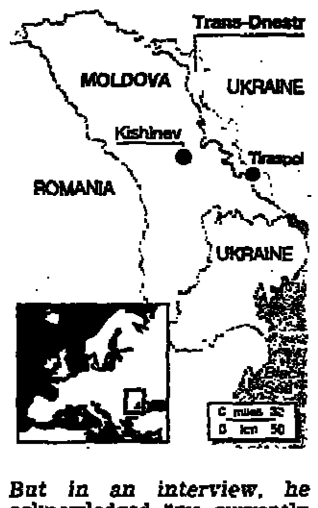
Russian troops and paramilitary police yesterday sealed off the central square in the Chechen capital, Grozny, where hundreds of pro-independence demonstrators were holding a rally for a fifth day, Reuter reports from Moscow.

The Interfax news agency said that a representative of the pro-Moscow Chechen administration told protesters to disperse. However, the agency said neither side had taken any action.

Trans-Dnestr's rebel ethnic Russians show sign of compromise

Progress in Moldova talks

By Matthew Kaminski in Kishinev, Moldova



Moldova and its separatist Trans-Dnestr region plan to revive their stalled peace process next month after an initial round of talks on Wednesday produced a breakthrough.

After repeatedly calling off scheduled negotiations over the past five months, Moldova and the ethnic-Russian leadership in Tiraspol, the self-proclaimed Trans-Dnestrian capital, surprised foreign mediators by agreeing a common external border.

If implemented, the agreement would allow Moldovan border and customs officials to police the breakaway regions' border with Ukraine.

Negotiations between the Moldovan and Trans-Dnestrian leaders are scheduled for March 11 in Kishinev, the Moldovan capital. These high-level talks would formally restart a peace process abruptly halted in September.

Mr Mircea Snegur, the Moldovan president, yesterday said "invaluable progress" had been made to "reintegrate Trans-Dnestr into Moldova".

But in an interview, he acknowledged "we currently have radically different points of view".

At Wednesday's talks in Tiraspol, the Kishinev government continued to refuse to allow Trans-Dnestr to receive a shipment of freshly printed currency, called the rouble, waiting in Germany. Moldova claims this will undermine its sovereignty. A separate currency is already in circulation in Trans-Dnestr.

An uneasy ceasefire has held in the majority of the region, a sliver of land in eastern Moldova, since Russia's 14th Army ended a brief armed conflict in 1992.

Although unrecognised abroad and rebuffed by the Russian government, the Trans-Dnestrian leadership either maintains its claim for sovereignty or calls for a loose confederation with Moldova, which rejects those options.

Mr Snegur said Moldova would never agree to a confederation. Trans-Dnestr can be "an autonomous territory or republic... (with) its own state symbols," he said, but it must agree to "a single constitution, a single army, single borders and a single currency".

Mr Igor Smirnov, the self-proclaimed president of Trans-Dnestr, leads a local government committed to central planning from the Soviet era which kept monthly inflation in the depressed industrialised region above 30 per cent late last year. His strongest support in Russia comes from nationalists in the Moscow parliament, to which Mr Smirnov appealed for help in an address last year.

That speech widened the break with Chisinau. Relations were further worsened in December when Tiraspol imposed higher tariffs on goods crossing the internal border with Moldova - an issue still left unresolved.

The Organisation for Co-operation and Security in Europe has worked closely with Russian and Ukrainian mediators to get both sides back to the negotiating table.

Mr Michael Wygant, the OSCE representative in Moldova, warned that the forthcoming election in Russia might tempt Tiraspol to hold out for a nationalist president more sympathetic to Trans-Dnestr's cause than President Boris Yeltsin.

"I think the time frame (for a final agreement) might be more extended" than expected when the talks initially began, Mr Wygant said.

In 1994, Russia agreed to withdraw its army from the region within three years, but the Russian parliament has not yet ratified the treaty with Moldova.

Few analysts expect the troops to move before Tiraspol and Kishinev are formally reconciled.

OFWAT

WATER INDUSTRY ACT 1991 SECTIONS 13 AND 14
PROPOSALS BY THE DIRECTOR GENERAL OF WATER SERVICES FOR THE AMENDMENT OF THE CONDITIONS OF APPOINTMENT OF DŴR CYMRU CYFYNGEDIG (WELSH WATER LTD)

The process

As a condition of its takeover of SWALEC plc, Welsh Water PLC has agreed to the modification of the conditions of appointment of its subsidiary, Dŵr Cymru Cyfyngedig (Dŵr Cymru), as a water and sewerage undertaker.

Any representation about, or objection to, these proposals must be in writing and sent to the Director General of Water Services, Centre City Tower, 7 Hill Street, Birmingham B5 4UA (Fax 0121 625 1475) so as to be received by him not later than 17.00 hours on Friday 15 March 1996. Please quote reference LEG.

EXPLANATION OF THE PROPOSALS AND THE REASONS FOR THEM

Maintenance of comparisons with other water and sewerage undertakers

The Director General of Water Services (the Director) believes that the modifications are necessary to enable him to gather information about the performance of Dŵr Cymru's functions and the costs which it incurs. This is particularly important because Dŵr Cymru intends to purchase, from an associated facilities management company, significant services which it now provides for itself. The modifications will therefore -

1 (a) *prohibit payment to the facilities management company (FMCo) in respect of any charging year, of any amount on account of services received from FMCo which exceeds:*
   i) *the prices ascertained from market testing carried out by Dŵr Cymru in accordance with arrangements previously approved by the Director and which have no prejudicial effect on the proper carrying out of the functions of Dŵr Cymru; or*
   ii) *if, in the opinion of the Director, market testing is not appropriate, then such proportion of the costs (including a reasonable return) actually incurred by FMCo as the Director agrees is appropriate; and*
(b) *require Dŵr Cymru to obtain from FMCo information required by the Director about FMCo's costs.*

Ring-fencing of the assets of Dŵr Cymru and its ability to act separately from Welsh Water PLC

At the same time, the Director wishes to ensure that Dŵr Cymru's licensed business is ring-fenced from other activities of Welsh Water PLC. Dŵr Cymru must not, whether through its involvement in those other group activities or by its dividend policy, put at risk its ability either to carry out its functions as a water and sewerage undertaker or to finance them. Further modifications will therefore -

2 *prohibit the transfer of any asset from Dŵr Cymru to FMCo except with the Director's consent and in compliance with his requirements concerning the valuation of the asset and its treatment in Dŵr Cymru's accounts;*

3 *prohibit Dŵr Cymru from either:*
(a) *giving any guarantee of any liability of any company within Welsh Water PLC's Group; or*
(b) *making to any such company any loan - without the Director's consent; and*

4 *require that Dŵr Cymru's dividend policy will not, in the opinion of the Director, impair its ability to finance the proper carrying out of its functions.*

The directors of Dŵr Cymru are already required to certify annually to the Director that the company has adequate financial and management resources. Further modifications will require -

5 (a) *Dŵr Cymru to inform the Director as soon as its Board becomes aware of any circumstance which causes the Board to believe that its most recent annual certificate of the adequacy of its financial and management resources could not be repeated in the light of those circumstances;*
(b) *that every annual certificate referred to in (a) shall be accompanied by a report prepared by Dŵr Cymru's Auditors and addressed to the Director, stating whether they are aware of any inconsistencies between, on the one hand, that certificate and the statements submitted with it and, on the other hand, any information which they obtained during their work as Dŵr Cymru's Auditors; and*
(c) *that the directors record their opinion that all contracts entered into with any Associated Company include all necessary provisions and requirements concerning the standard of service to be provided to Dŵr Cymru, to ensure that it is able to meet all its obligations as a water and sewerage undertaker.*

Although Dŵr Cymru is a member of Welsh Water PLC's Group, it has separate duties as the water and sewerage undertaker for its area. The Director considers it important that Dŵr Cymru should, in carrying out those functions, behave as if they were substantially its sole business and it were a separate public limited company. Further modifications will require -

6 *that Dŵr Cymru shall, at all times, conduct the Appointed Business as if it were substantially Dŵr Cymru's sole business and Dŵr Cymru were a separate public limited company. In doing so, Dŵr Cymru should have particular regard to the following:*
(a) *the composition of Dŵr Cymru's Board should be such that its directors, acting as such, act independently of Welsh Water PLC;*
(b) *Dŵr Cymru must ensure that each of its directors must disclose, to it and to the Director, conflicts between their duties to Dŵr Cymru and other duties;*
(c) *where potential conflicts exist between the interests of Dŵr Cymru as a water and sewerage undertaker and those of other companies in Welsh Water PLC's Group, Dŵr Cymru and its directors must ensure that, in acting as directors of Dŵr Cymru, they have regard exclusively to the interests of Dŵr Cymru as a water and a sewerage undertaker;*
(d) *no director of Dŵr Cymru should vote on any contract or any arrangement or any other proposal in which he has an interest by virtue of other directorships. This arrangement should be reflected in Dŵr Cymru's Articles of Association;*
(e) *Dŵr Cymru should inform the Director without delay when:*
   i) *a new director is appointed;*
   ii) *the resignation or removal of a director takes effect; or*
   iii) *any important change in the functions or executive responsibilities of a director occurs.*
Dŵr Cymru should notify the Director of the effective date of the change and, in the case of an appointment, whether the position is executive or non-executive and the nature of any specific function or responsibility; and
(f) *the dividend policy adopted by Dŵr Cymru and the implications of proposal 4 (above).*

The role of Welsh Water PLC as owner of Dŵr Cymru

Dŵr Cymru should have the active cooperation of its owner, Welsh Water PLC, in complying with the conditions of its Appointment and in the proper discharge of its functions as a water and sewerage undertaker. Further modifications will -

7 (a) *require Dŵr Cymru to obtain from Welsh Water PLC a legally-enforceable undertaking in Dŵr Cymru's favour and in a form specified by the Director, that it will:*
   i) *refrain from any action which would then be likely to cause Dŵr Cymru to breach any of its obligations under the Water Industry Act 1991 or the conditions of its Appointment as a water and sewerage undertaker; and*
   ii) *ensure that Dŵr Cymru's Board contains two non-executive directors, who shall be persons of standing with relevant experience, including in particular an understanding of the interests of the customers of Dŵr Cymru and how these can be respected and protected.*
(b) *require the terms of that undertaking to apply to all other companies within Welsh Water PLC's Group;*
(c) *require that the undertaking remain in force for so long as Dŵr Cymru holds the Appointment and remains a member of Welsh Water PLC's Group; and*
(d) *require the undertaking to be delivered to the Director not later than seven days after this amendment comes into force.*

8 *require Dŵr Cymru to -*
(a) *produce to the Director the original of the undertaking under 7 above and provide him with any certified copies which he requires; and*
(b) *inform the Director immediately in writing, if it becomes aware that the undertaking has ceased to be legally-enforceable, or that there has been any breach of its terms.*

NOTICE OF REDEMPTION

Nacional Financiera, S.N.C., Trust Division
as Trustee of the Nafin Finance Trust
Guaranteed Floating Rate Notes Due 1997
CUSIP No. 629718-AA5*

NOTICE IS HEREBY GIVEN, pursuant to the Indenture dated as of December 15, 1992 under which the above described Notes were issued that Nacional Financiera, S.N.C., Trust Division, as Trustee of the Nafin Finance Trust will redeem on March 15, 1996, 36.58464275126% of the Outstanding Principal Amount of the Notes, amounting to $12,340,000.00 on a pro rata basis in accordance with their respective Outstanding Principal Amounts. The amount of principal to be paid with respect to each $10,000 principal is $617.00.

On March 15, 1996, there will become due and payable on each Note the above amount, together with interest accrued to March 15, 1996. On and after such date interest will cease to accrue on the Notes (or portion thereof so redeemed).

Payment of the redemption amount plus accrued interest on Bearer Notes will be made upon presentation and surrender of the appropriate coupon to one of the Paying Agents listed below:

Citibank, N.A.
336 The Strand
London, WC2R 1HB
England

Citibank (Luxembourg) S.A.
16 Avenue Marie-Therese
Grand Duchy of Luxembourg
Luxembourg

Citibank, N.A., *as Note Trustee*

February 9, 1996

**This CUSIP number has been assigned by Standard & Poor's Corporation and is included solely for the convenience of the holders. Neither the Issuer nor the Note Trustee shall be responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness on the Notes or as indicated in this notice.*

NOTICE

As of January 1, 1993, withholding of 31% of gross proceeds of any interest payment made within the United States may be required by the Internal Revenue Code of 1986, as amended by the Energy Policy Act of 1992, unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

NEWS: WORLD TRADE

Samsung may quit aircraft project

By Michael Skapinker in Singapore

The wrangle between China and South Korea over a proposal to build a 100-seat airliner deepened yesterday, raising the prospect that the Koreans may go their separate way.

China and South Korea have been at odds over where final assembly of the aircraft should take place. Yesterday, Singapore Technologies, which will be a minority partner in the project, said final assembly would take place in China.

Singapore Technologies said it had agreed to join Aviation Industries of China (Avic) as a partner in the Asian consortium, which might include other Asian partners. Under the agreement, Avic will be the largest shareholder. Singapore Technologies also said Avic would be the "lead member" of the programme. Earlier this week Japan said it would not participate in the project.

Aircraft industry executives believe Samsung, the Korean company, might now turn its attention to purchasing the Dutch aircraft maker Fokker.

Samsung is one of five companies believed to be talking to Fokker about buying some or all of its assets. Others are Bombardier of Canada, Aérospatiale of France and British Aerospace, although the two European companies have made it clear they have no interest in buying all Fokker's assets. The Taiwanese government is thought by some in the industry to be the fifth party talking to Fokker. Fokker was plunged into financial crisis last month when Daimler-Benz Aerospace of Germany, which has a majority stake in the Dutch company, said it would provide no further financial assistance.

Two western companies, Boeing of the US and Aero International Regional (Air), a European venture, have submitted bids to help develop the Asian 100-seater. Air is jointly owned by British Aerospace, Aérospatiale and Alenia of Italy.

Fokker aid denied, Page 27

Departing US ambassador attacks EU over preferential regional deals

Brussels trade pacts 'corrosive'

By Lionel Barber and Caroline Southey in Brussels

US and European differences over world trade policy erupted yesterday after Mr Stuart Eizenstat, outgoing US ambassador to the EU, attacked the European Union for pursuing too many preferential deals and failing to support US market opening measures in Asia.

Mr Eizenstat urged the EU to resist signing more partial, preferential trade agreements with other regions in the world, arguing that it would "corrode" the multilateral trading system.

Mr Eizenstat's attack drew a sharp response from the European Commission, where a spokesman retorted that the US had preferential trade agreements. "To suggest they [the Americans] do not exclude sensitive products is absurd. It sounds like the pot calling the kettle black."

The EU has signed a plethora of agreements with third countries which include the promise of a future free trade area, starting with central and eastern Europe in 1991 and most recently extending into the Mediterranean. Other targeted areas include Mercosur, the Latin American trade bloc, Mexico and South Africa.

In his speech, Mr Eizenstat said he supported the "strategic" EU move to offer special arrangements to the former communist countries of eastern Europe after the collapse of the Soviet Union, though they failed to cover agriculture and other sensitive products such as steel and textiles, as required by world trade rules.

But he added: "If carried too far this tendency would have a corrosive effect on the multilateral trading system. It must be resisted." Mr Eizenstat is due shortly to move back to Washington to assume the post of US undersecretary of commerce.

In his speech to the American Chamber of Commerce in Brussels, Mr Eizenstat also described as a "major disappointment" the fact that the Europeans had failed to support US efforts to open up markets in Asia, particularly China and Japan.

"We find ourselves out front, alone, negotiating everything from intellectual property agreements with China to a set of sectoral agreements with Japan, extending them on a most-favoured nation basis to the rest of the world, and finding Europeans companies walking into the doors we open," said Mr Eizenstat.

But the Commission spokesman said: "We will continue to resist the Americans' go-it-alone tactics of opening their favoured markets, such as the car agreement with Japan. These are far more detrimental to world trade obligations."

US ready to talk tough on Chinese piracy

Beijing is in no mood to buckle under to Washington's threats, writes **Tony Walker**

The verbal skirmishing preceding next week's review of a 12-month Sino-US accord to stamp out counterfeiting of entertainment and information products suggests the discussions are likely to prove more than usually difficult.

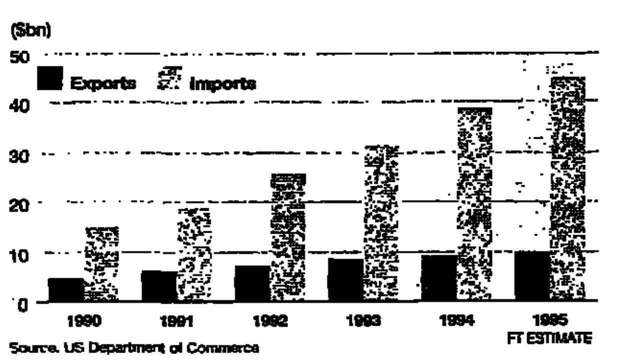
The two sides may be heading once more for a damaging sanctions row at an awkward moment in relations; the Taiwan issue is looming in the background and questions such as human rights are also threatening the relationship.

Mr Lee Sands, the assistant US trade representative who arrives in Beijing today, will try to persuade China to live up to its undertakings to eradicate intellectual property rights (IPR) abuses, or risk trade sanctions on more than $1bn of imports to the US.

But it is not clear the Chinese will be receptive to such pressures in the prevailing frosty political atmosphere in Beijing, which is coloured by concerns over a leadership transition and amid signs of a more nationalistic stance over questions such as Taiwan.

"I've never known them in such a truculent mood," said a US businessman involved in negotiations with the Chinese military on commercial projects. A grimmer attitude towards the outside world appears widespread among Chinese officials.

US merchandise trade with China



Source: US Department of Commerce

The US itself has been staking out a tough position on the critical review of progress on the IPR agreement. Mr Mickey Kantor, the US trade representative, said last month the US would enforce trade laws and take decisive action if China did not meet its obligations. "We will not wait forever," he told the US-China Business Council.

A senior US trade official yesterday made even tougher remarks to reporters in Hong Kong. "I will not give them any more timetables, we're not interested in hearing promises, we're only interested in seeing action, only action at this point is going to make a difference," he said. The official said that with about two weeks to go until the first anniversary of the IPR agreement, industry losses due to piracy were higher now than the $866m estimated last year.

Chinese officials strongly rejected such criticism. "Any blame directed at China's protection of intellectual rights is based on ignorance of facts or exaggerations of negative factors and is really groundless," said Mr Duan Ruichun, head of the State Council working group on intellectual property rights.

Mr Duan said 4,200 inspections last year had netted 800,000 pirated compact discs and video tapes, 20m counterfeit laser discs, and more than 40,000 pieces of counterfeit computer software.

However, Mr Kantor has painted a bleak assessment of a lack of progress in implementing last February's agreement, in which China agreed to launch a six-month blitz against pirate factories, and to strengthen customs procedures to prevent export of pirated items.

"Thirty-four CD factories, with a production capacity of 90m discs a year, are exporting [pirated] sound recordings, motion pictures on CDs and high-value-added CD-Roms," he observed.

"China's enforcement authorities have yet to target major manufacturers and distributors of pirated products... and China has not yet opened its markets to our creative industries."

The stage seems set, therefore, for sharp disagreement over both the piracy and market access issues. The fact US trade officials have eschewed a timetable for enforcement suggests they wish to avoid the friction that might accompany such a step.

But in an American presidential election year the administration will be under heavy pressure not to appear "soft on China". The IPR talks over the next week may mark the beginning of another rocky period in Sino-US relations.

Other vexed Sino-US trade issues, which may become prey to presidential politics, include the growing US trade deficit with China, which jumped in 1995 by 20-25 to about $35bn. It is expected to increase by a similar percentage this year to $45bn-$50bn, and on present trends surpass that with Japan in the next year or so.

Such a development would be certain to excite the closer attention of Congress, which would inevitably step up demands for Chinese implementation of market access agreements, including one signed in 1992.

Beijing says its trade surplus with the US is a fraction of that claimed by Washington. In 1994, it was $7.4bn, according to Chinese customs statistics. China accuses the US of adding items re-exported through Hong Kong.

Mr Lee Sands will also be exerting pressure on Beijing over the recent announcement that the official Xinhua news agency would assume the task of "monitoring" the distribution of financial information provided by international wire services like Reuters and Dow Jones Telerate.

In his US-China Business Council address Mr Kantor described this as a "disturbing development". He accused China of "taking steps inconsistent with transparency", and of "imposing discriminatory restrictions on our companies".

Mr Lee and his team will have much to discuss with their Chinese counterparts – and much subject matter on which to disagree.

WORLD TRADE NEWS DIGEST

Tokyo resumes Burma credit

The Japanese government is to resume overseas investment insurance for Burma and extend guarantees to Mitsui to develop a $30m industrial park near the capital, Rangoon. Insurance of this type had been suspended since 1988, when massive demonstrations against Burma's military dictatorship led to a violent crackdown. The industrial park, the first of its kind in the country, will be developed on 90 hectares of land owned by the Burmese government. Mitsui will take a 60 per cent stake in the project, which will be designed to appeal to foreign investors interested in locating labour-intensive industries in Burma. Overseas investment insurance from the Japanese government provides Japanese companies with guarantees against political upheaval and economic instability. Japanese investors say this insurance and still-suspended official export subsidy loans are crucial to boosting investment in Burma, which is carrying out limited economic reform. *Ted Bardacke, Bangkok*

Vietnam opens fibre optic link

Vietnam yesterday opened its first international optical fibre telecommunications link to improve data communications. The work, carried out by French telecommunications company Alcatel and Fujitsu of Japan, allows Vietnam to more than double the number of simultaneous telephone calls to 22,000. Only 10 years ago, the country's only such links with the outside world consisted of nine telephone lines to Moscow. A consortium comprising Australia's Telstra Corporation, Cable & Wireless unit Hong Kong Telecom, the Communications Authority of Thailand, Vietnam Posts and Telecommunications and 30 other companies invested in a $160m project to lay an undersea cable stretching from Vietnam to Thailand and Hong Kong. An existing satellite service installed by Telstra has handled all international traffic until now. *Jeremy Grant, Ho Chi Minh City*

Asia power runs out of steam

The three partners in Asia Power, a Canadian consortium established to pursue the fast-growing Asian power generation market, have disbanded their joint venture. The consortium, which was formed in late 1993 with an initial capital of C$100m, was jointly owned by Ontario Hydro and Hydro-Quebec, two of North America's biggest electric utilities, and Montreal-based Power Corporation, the financial services and communications group controlled by Mr Paul Desmarais. Ontario Hydro International said yesterday that the market has undergone significant changes since Asia Power was formed, which presented different strategies for investment in the region. The partners agreed that Asia Power was no longer the best vehicle through which to participate in the market.

The decision was also influenced by the increasingly prominent role of local Asian companies in the formation of bidding groups for power-generation contracts. According to one Asia Power participant: "The dynamics have changed. It used to be that a multinational consortium would drive the process. You're now finding that is done by local consortiums." *Bernard Simon, Toronto*

■ BASF said its chemicals unit launched a joint venture in China with Jilin Chemical Industrial Company. BASF will own 60 per cent of the new company, which will build a factory in northern China to produce 15,000 tonnes of neopentyl glycol each year. The product is used in the manufacture of a resin powder for lacquer for painting cars and external walls. *AFX, Frankfurt*

NEWS: INTERNATIONAL

Labour still benefiting from Rabin assassination sympathy, writes **Julian Ozanne**

Israeli right teams up for 'peace election'

The leaders of two of Israel's main right-wing parties yesterday signed an election pact aimed at strengthening their chances in a poll which Mr Shimon Peres, the Labour prime minister, is reported to have told Mr Warren Christopher, the US secretary of state, on Wednesday, would be held on May 28.

Although the pact, agreed by Mr Benjamin Netanyahu of the Likud party and Mr Rafael Eitan of the ultra-nationalist Tsomet party, has come under fire inside Likud, it marks a recognition of the political reality facing the rightwing opposition in their uphill battle to defeat Mr Peres and his Labour-led coalition government.

Mr Peres and the Labour party have been riding a wave of public sympathy since the assassination of the former prime minister, Yitzhak Rabin, last November by a rightwing Jewish fanatic. A spate of recent polls shows Mr Peres leading Mr Netanyahu in the direct election for the prime minister by 10 to 20 points.

The dominant election issue will be the Middle East peace process launched by Mr Rabin and Mr Peres and the result of the election will determine the fate of efforts to end almost 50 years of Arab-Israeli conflict. A rightwing victory on a platform opposed to the peace accords signed with Palestinians would spell an end to the

Ultra-nationalist Eitan describes his Likud pact yesterday Reuter

process and throw Israel's economic and diplomatic normalisation drive with the rest of the world into jeopardy.

Although the peace camp has been strengthened by Mr Rabin's death the country is still evenly divided. The latest results of a monthly peace index published by Tel Aviv University yesterday showed support for the Israeli-Palestinian peace accords stood at 51.5 per cent in January, down from a high of 58 per cent immediately after Mr Rabin's assassination. The poll showed Mr Peres's lead eroding, with 46 per cent supporting him today compared with 35 per cent backing Mr Netanyahu. After Mr Rabin's assassination 54 per cent preferred Mr Peres and 24.5 per cent Mr Netanyahu.

On the second main issue of the Arab-Israeli peace process, a withdrawal from the Golan Heights in return for peace with Syria, the rightwing opposition continues to have a clear majority.

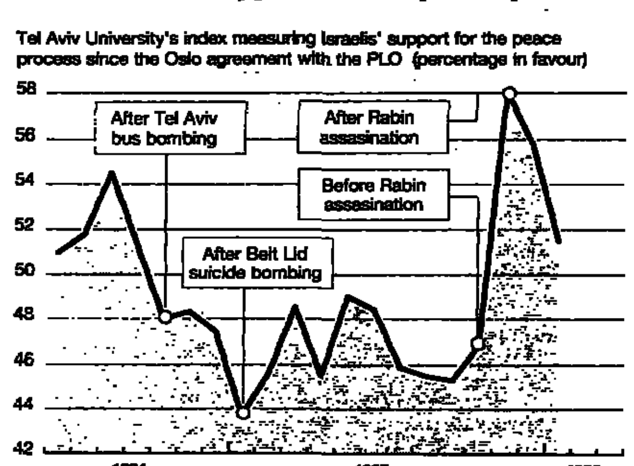
The challenge for the right wing is to come up with a convincing alternative to the government's policy. So far it has been content merely to oppose peace accords with Palestinians and talks with Syria.

Mr Netanyahu has been trying to persuade his party to accept a new policy to put before Israel's 3.9m eligible voters. The policy would accept the peace accords as an irreversible mistake but pledge a rightwing government to give no more territorial concessions. Mr Netanyahu says he would negotiate with representatives of the Palestinian Authority but not with Mr Yassir Arafat, president of the authority.

A rightwing government would rule out the possibility of the emergence of a Palestinian state and would tighten the military squeeze around the cantons of Palestinian self-rule in the West bank. It would also refuse to discuss territorial concessions on the Golan Heights with Syria.

Peace index: support for the peace process

Tel Aviv University's index measuring Israelis' support for the peace process since the Oslo agreement with the PLO (percentage in favour)



Such a policy, if implemented, would bring the Middle East peace process to a halt and anger Arab states such as Jordan, Tunisia and Morocco which have established diplomatic ties with the Jewish state.

On the economic front the Labour party has an impressive record. Although privatisation has ground to a halt and inflation remains high, growth has averaged 7 per cent a year since 1992 and per capita income has risen from $12,600 (£8,180) in 1992 to an estimated $15,600 in 1995.

However, as almost every Israeli politician accepts, economic matters are unlikely to play much of an electoral role in a country overwhelmingly preoccupied with peace and security.

The security issue will be the biggest wild card in the election campaign. Israelis' support for peace is directly linked to their sense of personal security. Whenever Palestinian Islamic militants opposed to peace carry out a bombing or an attack against Israelis, support for the process drops. The poll published yesterday showed 36 per cent felt their personal security had improved since the peace process, 30 per cent said it was unchanged and 31 per cent said it had worsened. This is a dramatic change in the Israeli mood towards a feeling of increased security but it could quickly change if Palestinian extremist groups carry out attacks during the campaign.

The elections will also be influenced by the emergence of new political forces. Russian immigrants, who backed Labour in 1992, plan to field a separate party. A breakaway Labour faction will also run on a platform against territorial concessions on the Golan Heights. Both these parties will take votes away from Labour. On the right wing the Likud-Tsomet bloc will lose votes to a Likud breakaway party led by Mr David Levy, the former foreign minister.

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INTERNATIONAL NEWS DIGEST

Mandela opens steel plant

South African President Nelson Mandela yesterday opened Columbus Stainless, one of the largest stainless steel plants in the world, and urged the industry to use its metal to create 100,000 jobs. Columbus plans to lift production of stainless steel to nearly 450,000 tonnes this year from 250,000 tonnes in 1995, after investing R3.5bn $960m on a 32-month expansion project. The plant, in Mpumalanga province east of Johannesburg, will reach peak production of 600,000 tonnes next year. Stainless steel produced from local iron ore, chromite and nickel could provide feedstock for a host of new factories making everything from pots, pans and cutlery to car components, construction materials and industrial tanks. But realising that potential would require close partnership between Columbus and local consumers, Mr Mandela said.

Columbus expects to sell only 15 per cent of its output locally by the time it reaches full production, with 85 per cent going for export. *Reuter, Middelburg*

UN steps up Angola pressure

The United Nations Security Council yesterday renewed the UN peacekeeping force in Angola for only three months, in an attempt to exert pressure on the government and former Unita rebels to implement a 1994 accord.

Mr Boutros Boutros Ghali, the UN secretary-general, had recommended another six-month extension for the 6,600-strong UN Angola Verification Mission (Unavem III), now the world body's biggest peacekeeping operation, costing close to $1m a day. But the council, in a unanimous vote, renewed it only until May 8, in order to keep pressure on the parties, particularly Unita.

It also asked the secretary-general for monthly reports, beginning on March 7, on progress in carrying out the November 1994 Lusaka Protocol, which ended nearly two decades of civil war. The vote was preceded by a debate during which participants focused on the failure of Unita's leader, Mr Jonas Savimbi, to keep a pledge to assemble 16,500 of his 62,500 declared fighters in so-called quartering areas by yesterday prior to demobilisation or incorporation into a new army. *Reuter, New York.* Editorial Comment, Page 23

Warlord rivalry topples Tajikistan's reformist prime minister

Gillian Tett reports on the disintegration of an artificial nation carved out by Stalin

Mr Jamshed Karimov, the prime minister of Tajikistan and architect of economic reform, resigned yesterday following several weeks of political turmoil.

His post was taken by Mr Yakhyo Azimov, a former factory director from the north of the country, who has hitherto had little involvement in politics.

Mr Karimov's departure is the latest twist in a saga that has baffled most outside observers – and left some Russian officials warning that another civil war might be looming in this mountainous republic of 5m people bordering Afghanistan.

The political scene in Tajikistan has been deeply fractured ever since a civil war erupted in 1992 between the former communist regime and a loose coalition of opposition groups, some affiliated with a moderate Islamic cause.

After fighting left 50,000 people dead, the government of Mr Imamali Rakhmonov won the war, pushing the opposition south into Afghanistan.

Since then, the opposition has launched regular attacks, prompting the Russians to station up to 20,000 troops in the area in support of the government.

Their presence has prevented serious threats to the government but, in recent months, the government has been riven by conflicts inside the country, as various factions have struggled for control of resources.

The crisis which has led to Mr Karimov's departure, for example, started when two warlords seized control of two Tajik cities, including Tursun-Zade, which hosts a large aluminium plant. Aluminium, together with cotton, is the republic's main export.

Both claimed to support Mr Rakhmonov, and had fought in the army that brought him to power in 1992. However, they threatened to march on Dushanbe, the capital, unless most of Mr Rakhmonov's cabinet was sacked.

Their demands have been largely met last Sunday the resignation was announced of Mr Mamakhsayid Ubaiddullayev, who had held the title of deputy prime minister, but in practice controlled part of Tajikistan's aluminium and cotton trade.

Now, with Mr Karimov's departure, the rebels have pledged loyalty to Mr Rakhmonov – and offered their services in the battle against the opposition.

But the political problems are far from over. In spite of United Nations-backed peace talks between the opposition and government the opposition fighters have – unsurprisingly – seized on the latest turmoil to launch a new invasion: according to Russian reports they now hold part of Tavil Dara, a strategically important toehold in the eastern Tajikistan mountains.

Furthermore, the region remains riven with rivalries that defy easy political analysis.

Russian observers often describe these in terms of an ideological battle between Islamic fundamentalism and communism. In practice, though, the real issue is that Tajikistan barely exists as a nation at all.

When the republic was first carved out by Stalin in the 1920s it was as artificial as some of the countries created by Britain in Africa. Although the Tajiks all spoke a Persian dialect, they were divided into different valley groups, with little sense of national loyalty.

These rivalries remained during the Soviet period – not least because one valley dominated the communist regime. Then, when Tajikistan became independent they erupted into violence, under the guise of party politics.

Mr Rakhmonov's government has been formed out a tactical alliance of two main valley groups. But this is fragile, not least because factions are now battling for control of Tajikistan's aluminium and cotton industries – as well as its fast growing drugs trade.

And the tragedy is that with rivalries as deep seated as these, it will take more than the resignation of Mr Karimov to bring any long lasting peace to the country.

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Clinton signs bill easing debt default fear

By Jurek Martin in Washington

President Bill Clinton yesterday signed legislation removing the immediate threat of the US defaulting on its debt, while Mr Robert Rubin, the treasury secretary, urged Congress to accept that the debt and budget issues should be kept separate.

The bill, recently passed by Congress, allows the treasury to borrow $29bn to meet social security payments due next month without it counting against the current $4,900bn legal debt ceiling.

Mr Rubin, in testimony to the House banking committee, said: "It is now time that comity replace conflict and the debate over the debt limit be drawn to a close." He detected "a common understanding" over the need to protect the creditworthiness of the US government.

Specifically, he called for a minimum one-year extension of the ceiling, which would lay the debt issue to rest "out beyond the November election".

Suggesting gently that the political winds had shifted against hardline Republicans, he said he was no longer hearing the argument that debt default was acceptable if it brought about a balanced federal budget.

Mr Rubin also went to some length to outline what he was not prepared to do in the way of extraordinary measures to pay government obligations on top of those already taken in the last three months. These have mostly consisted of temporarily underinvesting in civil service pension funds.

"I will not delay mailing tax refunds owed the American people," he said. "I will not sell the nation's gold. I cannot go beyond the $9bn in asset exchanges with the Federal Financing Bank [another government agency]."

The Republican leadership in Congress has promised to give Mr Clinton a debt ceiling extension he can sign by the end of this month, although some rank and file members still want to attach conditions to the legislation.

However, on Wednesday night the Senate, having finally passed the farm bill, voted to join the House and go into legislative recess until February 26. Democrats objected, with Senator Carl Levin of Michigan saying: "We don't know if there will be an extension of the debt limit...which could cause major economic problems for us."

But some members, including committee chairmen, will remain in the capital making at least theoretically possible work – and negotiations – on both the debt ceiling and the budget.

The recess allows Senator Bob Dole, the majority leader, to devote his full time to his campaign for the Republican presidential nomination.

On Tuesday, Mr Dole had, ironically, scored political points in next week's Iowa caucuses by staying in Washington while his rival, Senator Phil Gramm, was campaigning in Louisiana, thus missing a vote against a filibuster against the farm bill.

Lustre fast disappears from Brazil gold find

Social problems and headaches over CVRD's privatisation are expected to follow, writes Angus Foster

The 150-ton gold find announced last week by Brazil's mining giant Companhia Vale do Rio Doce may unearth equally weighty problems for communities in the region and for the government, which hopes to privatise CVRD this year.

For the town nearest the site, Curionópolis, the discovery could trigger an influx of wildcat miners, known as *garimpeiros*, and a string of social problems. For the government, the find will be used by critics to argue that CVRD, one of the world's biggest mining companies, is too strategically important to be privatised.

Pursuing Brazil's mineral wealth

Iron ore train leaving Carajás

Wildcat mining at Serra Pelada

The gold has been identified in the eastern Amazon near CVRD's huge iron ore mine at Carajás. It is also only a couple of miles from Serra Pelada, an open mine which 80,000 *garimpeiros* turned into one of the century's biggest gold rushes in the 1980s.

The latest find only includes estimated gold down to a depth of 430m. In coming months, CVRD will prospect down to 1,500m. Even if no more metal is located, the find will still be Latin America's biggest gold mine, and one of the five or six largest in the world. It is expected to produce 10 tons a year, nearly 20 per cent of Brazil's present output, and would speed up CVRD's ambitions to more than double annual gold production to 30 tons by the year 2000.

But for Mr João Chamon Neto, mayor of the municipality of Curionópolis, the announcement has already lost its lustre. "We've heard that small numbers of *garimpeiros* are already on their way and we're worried about what could happen with our community, not because of public security but social problems. We've only got one hospital and 41 beds," he says.

Even if no more metal is located, the find would still be Latin America's biggest gold mine

Although the latest find looks bigger than Serra Pelada, its gold is much deeper and therefore not suitable for wildcat mining. Serra Pelada was mainly dug by hand and started filling with water once the mine's depth reached 100m. "The new find is a deep reserve which can only be extracted industrially," says a CVRD spokesman.

But *garimpeiros* are still likely to head for the region, attracted by its almost mythological reputation for wealth. The few thousand still working Serra Pelada may also try to use the new discovery to flood the region with miners and pressure the government to re-open old disputes. They want compensation for a long-running row with a government bank, as well as help and equipment to mine Serra Pelada commercially. Neither the government nor CVRD has been keen to help the miners, who are mainly displaced farm labourers and others unable to find work in Brazil's poor north.

A bigger problem for the government is the timing of the discovery. CVRD is due to be privatised towards the end of this year and the government's financial advisers, including Merrill Lynch and N.M. Rothschild, are studying how best to structure the sale, expected to be Latin America's biggest privatisation.

But many politicians, especially those in less developed states where CVRD operates, oppose privatisation because they fear losing influence over the company and its investment plans. In the past, projects such as its rail link from Carajás to the port at São Luis were approved by politicians for developmental as well as economic reasons. Some politicians fear that CVRD, when it is a privatised company, will pay attention only to economics.

After the gold discovery, critics are expected to argue that CVRD is in danger of being sold "too cheaply", because it owns mineral rights to large areas which have never been prospected and are therefore difficult to value. Critics say Brazil's mineral wealth is too strategically important to be transferred to new owners if the price cannot be guaranteed.

"I admit it would be politically embarrassing if they discovered another 150 tons the day after privatisation," one government member says.

Officials working on the privatisation deny the latest discovery will cause any problems. "If there are other discoveries, the company's value increases," according to planning minister Mr José Serra.

An official at Brazil's national development bank, which oversees the country's privatisation programme, says there are plenty of other ways to address politicians' worries. The government's financial advisers will be expected to build such considerations into the recommended sale structure, which is not expected to be ready until July or August.

"You could return concessions where CVRD hasn't yet prospected to the government, or you could demand a royalty if they find anything there. Everyone is thinking about these and other possibilities," he says.

The danger is that such measures could alienate potential investors if they appeared too restrictive.

Menem closer to winning tax 'superpowers'

By David Pilling in San Miguel de Tucumán

President Carlos Menem of Argentina has moved a decisive step closer to winning discretionary powers to adjust tax and spending levels after deputies in the lower house of Congress voted in favour of the so-called "superpowers" bill.

Wednesday night's vote, which must now be ratified by the Senate, is an important victory for Mr Menem who has argued he needs such powers, which would last 12 months, to ensure fiscal equilibrium and deepen structural reforms.

The bill gives Mr Menem the right – without consulting congress – to merge or scrap overlapping federal and provincial bodies in a rationalisation exercise expected to save several hundred million dollars. The administration has refused to say whether this assault on the bureaucratic structure, known as State Reform II, would involve job cuts. But leaks have indicated that up to 30,000 jobs may go.

On the tax side, Mr Menem would be able to modify the level of certain taxes, most significantly VAT, and scrap tax exemptions, such as those enjoyed by judges and congressmen. VAT could be extended to new items, such as transport and imported books.

Mr Domingo Cavallo, economy minister, has denied that the International Monetary Fund has made future lending contingent upon passage of the superpowers bill. However, the IMF mission in Buenos Aires is concerned about a possible fiscal shortfall in 1996, particularly given the failure of tax collection to meet ambitious government targets.

The Fund is also believed to oppose Mr Menem's stated intention to lower VAT from its emergency level of 21 per cent to 18 per cent from April. If the Senate ratifies Mr Menem's superpowers, he may renege on that promise or impose other taxes to make up the difference.

Although the president's Peronist party has a majority in both houses, Peronist deputies had threatened to rebel, baulking at the bill's sweeping powers. However, it may suit congressmen to wash their hands of tough decisions, making Mr Menem accountable if measures prove unpopular.

Markets have reacted positively to the initiative, viewing the arguably undemocratic concentration of presidential authority as less important than Argentina's commitment to fiscal austerity. Since Mr Menem launched the idea of superpowers late last year, the Buenos Aires stock market has rallied by about 40 per cent.

EU envoy seeks closer Cuba ties

By Caroline Southey in Brussels

Mr Manuel Marin, vice-president of the EU Commission, arrives in Cuba today for two days of talks with senior Cuban officials, including President Fidel Castro, to finalise the terms of a trade and co-operation pact.

The Commission trip is part of the EU's efforts to forge closer ties with Cuba which it believes will encourage economic and political reform on the island. The initiative follows a call from December's EU heads of state summit in Madrid, for the Commission to produce a draft trade and economic co-operation pact within the first six months of 1996.

The EU's aim was "to bring Cuba into the international community and to normalise relations in the area".

The express intention of ending Cuba's isolation is in direct contradiction to US policy, which has as its central plank an economic embargo against the island. Mr Stuart Eizenstat, the US ambassador to the EU, warned yesterday that Washington was concerned that the EU's policy on Cuba "might reward the Castro regime without sufficient signs of genuine political and economic changes".

But US officials were keen to dampen speculation that the EU and US were at loggerheads over the issue. Mr Richard Nuccio, special adviser on Cuba to President Bill Clinton, said the US and the EU shared a "common goal of promoting a peaceful, democratic transition on the island".

Mr Nuccio said that "despite differences over the utility of the US economic embargo" the EU and US agreed that there should be an increase in support for non-governmental organisations.

EU officials said the accord was likely to include closer co-operation including the transfer of know-how to aid reforms in the legal and other institutions and cuts in tariffs, particularly for the products of small and medium-size companies.

The accord might also include financial assistance which could be drawn from the EU's budget for Latin America. Cuba is the only country in the region with which the EU has not signed a co-operation pact.

Brazilian social reforms in doubt

By Angus Foster in São Paulo

Carnival farce came early to Brazil's Congress yesterday after the president of a special committee investigating social security reform resigned in a huff.

Congress has been debating the reforms for a year and the committee was finally due to approve them in time for Carnival, which begins a week on Saturday and brings all Brazil to a standstill.

After frequent delays, the committee was preparing to start voting on several hundred amendments when Mr Jair Soares, its president, stormed out of the session complaining, somewhat surprisingly, that he had been pressured to speed up the vote.

"I will not be threatened. I resign from the presidency and from my party," he announced, leaving the session.

The social security reforms, introduced a year ago by President Fernando Henrique Cardoso and described then as crucial to resolving long-term government spending problems, have been steadily watered down by opposition from politicians and special interest groups, who have forced compromises.

Some government ministers are wondering if the battle has been worth the effort. "It's no longer a reform of the system, it's an adjustment," said one minister, who admitted another attempt at deeper, structural reforms might be needed in just a few years. Generous retirement rules mean the social security system could soon have more beneficiaries than contributors.

Mr Soares' resignation is the latest in a series of upsets caused by squabbling over the reforms.

After his resignation, the committee was dissolved and the leader of Congress's lower house, Mr Luis Eduardo Magalhães, said the reforms would be voted on in the full house without a committee vote. This option, as well as likely to take up more time, will also give opponents more chances to try and block the measures.

While the politicians bicker, one group has been assured that their rights will not be challenged. Brazil's female teachers, who enjoy one of the most generous retirement schemes in the developing world, will still be able to retire after just 25 years work.

AMERICAN NEWS DIGEST

Colombian army in hostage search

Soldiers were searching yesterday for a British civil engineer, a Dane, a German and a Colombian kidnapped on Tuesday in central Colombia. Although there are several guerrilla and paramilitary groups operating in the area, an army commander said the kidnap was probably carried out by the National Liberation Army (ELN), originally a pro-Castro organisation and now specialising in kidnaps and sabotaging infrastructure.

Mr Philip Holden, who is employed by a Danish contracting company and was working on the Rio Claro cement plant, and the other hostages were captured at a rebel roadblock on the highway between the Magdalena valley and Medellín. More than 1,000 people a year are kidnapped in Colombia.

Sarita Kendall, Bogotá

Crashed jet 'black box' hunt

The US Navy is launching a deep-water search off the Dominican Republic for the flight recorder and wreckage of a jet aircraft that crashed, apparently killing all 189 people on board, the Navy said yesterday.

One piece of sophisticated equipment, towed behind a ship to pick up signals from the Boeing 757's "black box" electronic flight recorder, was flown to the Dominican Republic on Wednesday, the Navy said.

The data recorder of the aircraft, which crashed on Tuesday night, was believed to have sunk to the ocean floor, nearly 4,000 feet down.

The chartered aircraft, most of whose passengers were German tourists, nosedived into the Atlantic just after take-off. Searchers said there was almost no chance of finding survivors in the shark-infested waters.

Reuter, Washington

Venezuelan minimum wages rise

The Venezuelan government has increased the minimum monthly wage by an average of 43.5 per cent, following intense negotiations with industry and labour in recent weeks. Including bonuses and social benefits the minimum monthly wage rises to bolivars 40,000 ($138) in the public sector and to bolivars 45,000 in the private sector.

The increase falls far short of demands by the country's largest union, the Confederation of Venezuelan Workers (CTV), for an increase to bolivars 60,000. Union leaders say they are considering work stoppages to protest against the size of the pay increase, which they say, does not make up for last year's inflation of 56 per cent.

Raymond Colitt, Caracas

Vietnam war on shop signs spreads south

By Jeremy Grant in Ho Chi Minh City

A shrill campaign against "social evils" and the use of foreign names in advertising that has unsettled foreign investors in Hanoi, yesterday spread to Ho Chi Minh City, the former Saigon and the country's commercial capital.

Foreign lawyers said Vietnam could be in breach of its international obligations by limiting the use of foreign trademarks. Local officials said foreign companies in Ho Chi Minh City must remove shopfront signs bearing foreign brand names within the next 10 days or face fines of between $18 and $4,500.

Foreign companies were abusing the use of signboards above shopfronts, Mr Tran Van Tai, deputy director of the Ho Chi Minh City department of information and culture, said. "If you want to advertise your product, there are specific places. You cannot take advantage of a signboard to promote your product."

The only acceptable way to use a foreign trademark on a signboard was when it was combined with Vietnamese lettering describing the shop's ownership and purpose. Kodak, for example, would be allowed to use its name and logo on a signboard if they were no larger than the Vietnamese words.

Observers say Ho Chi Minh City authorities, fearful of upsetting foreign and local business people and endangering growth, may be reluctant to enforce the rules with the same vigour as in Hanoi. But most foreign investors say Hanoi's policy has damaged foreign investor sentiment. "There is a lack of understanding of how a trademark operates in the business world. It shows that [foreign] business is under suspicion," one foreign lawyer said.

Hanoi's campaign is seen as part of a broader drive to limit "negative influences", many of which are seen as foreign, ahead of a mid-year landmark Communist party congress.

Diplomats say elements in the party have yet to reconcile opening up to foreign investment with ideological purity and national identity.

Last week in Hanoi, shop owners and police painted over trademarks such as Panasonic, Kodak and Tiger beer. Sony, the Japanese electronics company, had removed 30 signboards and will have to spend $30,000 making new ones conform to the rules, Mr Ryuta Shiiki, Sony representative, said. Hanoi officials said they had removed 11,160 "illegal" signs.

Enforcement has been patchy across the country, with Ho Chi Minh City receiving little attention until yesterday.

Some companies said they were prepared to make the necessary changes.

Mr Pin Sirslip, representative office chief at Kodak Vietnam, said the company would spend $150,000 redesigning shop signboards.

Foreign lawyers point out that by insisting on limiting foreign trademarks to sizes smaller than Vietnamese lettering, Hanoi may be breaching the Paris Agreement for the Protection of Intellectual Property, of which it is a signatory.

It may also be going against usage recognised by its own Law One exempting trademark owners from obeying rules designed to promote "Vietnamese characteristics".

Japan's way of government under review

Gerard Baker on the implications of any change in the ministry of finance's power

The normally peaceful streets of Kasumigaseki, the main administrative district in central Tokyo, have in recent weeks begun to look like a riot zone. Busloads of rightwing protesters maintain a constant vigil around the buildings, unleashing bursts of invective from their loudspeakers. Police vans confront them across barricades.

The focus of the confrontation is an institution that has become the most potent anti-icon of popular Japanese discontent. The finance ministry, a granite-faced slab of buildings in the centre of town, is under siege for its central role in the unpopular decision to use public funds to bail out the country's bankrupt housing loan companies.

But the physical threat to the bureaucrats, serious though it may be, is a mere shadow of the political challenge to the administrative supremacy of the ministry. The MoF – sometimes called, without hyperbole, the most powerful institution in the world – is facing perhaps the most serious crisis in its more than 100-year history.

This week senior members of the cabinet, including Mr Ryutaro Hashimoto, the prime minister, joined the growing chorus of calls for a radical review of the functions of the ministry. The outcome of that review could, it is claimed, lead to its break-up.

Talk of reform has been around almost as long as the institution itself. But in the last few weeks the campaign has achieved an urgency rare in Japanese political life. Politicians, for so long in thrall to the mandarins, have been especially eager to seize the opportunity to deflect blame for the housing loan fiasco away from themselves.

"As part of efforts to normalise Japan's financial system, re-organisation of the financial administration... should not be ruled out," said Mr Shusei Tanaka, director general of the Economic Planning Agency.

Granite-faced slab under siege: calls for a review were joined this week by prime minister Ryutaro Hashimoto

The housing loan issue is only the latest in a recent series of catastrophic mishaps for which blame can be laid at the MoF's door. Mishandled privatisations, supervisory shortcomings – including the Daiwa Bank debacle, in which the bank's US operations were terminated after US regulators were allegedly misled about huge bond trading losses last year – and even accusations of venality against its once unimpeachable officials have given new ammunition to reformers. These events, it is claimed, were not just a series of unconnected events, but can be attributed to the nature and scale of the institution itself.

Its myriad functions fall into four main categories: budget, taxation, financial supervision, and the management of state-owned assets, including privatisations. The MoF's power is so great that its policies are virtually synonymous with those of the government – of whatever political colour.

Its critics argue that there is no other institution like it in the world – for a variety of good reasons, other countries have dispersed powers more widely. The first problem with an institution of the MoF's scale is the lack of separation between the ministry's administrative and supervisory functions – most notably in financial supervision.

The MoF operates according to the basic principle that places financial and economic stability above all other goals. Yet sometimes the interests of supervision demand action that might not immediately enhance stability. Banking supervisors on occasion need to punish institutions that stray from a prudent approach, but the MoF has frequently shown a reluctance to use the big stick, apparently for fear of destabilising markets.

"The conflict between stability and proper supervision has long been a recurring problem for the ministry," said one former bureaucrat.

The Daiwa Bank case last year is a good example. The ministry's banking bureau appeared to put the broader interest of preserving stability ahead of the need to expose Daiwa's action when it failed to notify US authorities of irregularities it had discovered at the bank's New York branch.

A second objection is that the diffuse nature of the ministry's work militates against specialisation. The regular rotation of staff around the maze of bureaus creates an impermanence that makes errors more common.

But perhaps the most resonant case for splitting the ministry is the simple argument that its size has turned it into a monolithic structure, accountable to no one but itself. MoF officials are said to exude an arrogance that has encouraged them to take a cavalier approach to alternative views.

This may have been the principal reason for the MoF's greatest failure in the last five years – to stop the housing loan debacle and the wider financial crisis. It appears that no one – politicians, banks, other officials – was prepared to challenge the MoF's judgments.

There is no clear proposal in the planned review – ideas range from a complete dismembering of the ministry to a more limited shift of some functions away from the MoF.

But the prospect of real change may not depend ultimately on such tinkering with the machinery of government.

The real reason for the MoF's power is the Japanese approach to government. The principal function of the Japanese bureaucracy has been to guide the country according to what it sees as the national interest. In such a heavily controlled system, immense power resides in the administrative body which controls the purse strings.

That system of administrative guidance has been at the heart of government in the postwar period. The question for those reviewing the functions of the MoF is to ask whether they want to keep it. If they do, then no amount of changing the names of the institutions will affect the concentration of power in the hands of a central bureaucracy.

Politicians clash with bureaucrats

Underlying the debate over the ministry is a power struggle between an ambitious younger generation of politicians and the bureaucracy – of which the ministry of finance is the pinnacle, William Dawkins writes.

The battle began three years ago when Mr Morihiro Hosokawa, the first prime minister in nearly four decades not from the Liberal Democratic party, won record popularity by declaring war on the civil service. "If bureaucrats continue struggling to protect... vested interests, they will end up increasing the inconvenience to the people they are meant to serve," Mr Hosokawa wrote.

During the three muddled coalitions that succeeded the Hosokawa administration, a growing number of politicians have seen an electoral opportunity in challenging the bureaucracy and making it take responsibility for policy errors. Four senior officials at the ministry of international trade and industry and the MoF have found their ministerial careers brought to an early end in consequence.

The debate threatens to split the LDP. The younger MPs' urge for reform has, at least so far, been constrained by the older generation. The old guard still controls the party, is accustomed to taking its cue from the MoF and wishes to defend the status quo. Mr Ryutaro Hashimoto, prime minister, can thus be expected to tread delicately.

The bureaucrats have more to fear from Mr Ichiro Ozawa, the opposition leader. He has for years advocated a greater concentration of power in the prime minister's office to enable politicians to take the policy-making initiative.

Whether the review will bring change is, as yet, unclear. The LDP's old guard will continue to defend the ministry's power, said Mr Takayoshi Miyagawa, an aide to Mr Noboru Takeshita, the former prime minister who is Mr Hashimoto's mentor. "While Mr Hashimoto is prime minister, it will never happen," said Mr Miyagawa.

Australian jobless up to 8.6%

By Nikki Tait in Sydney

Australia's unemployment rate jumped to 8.6 per cent in January (seasonally-adjusted), against 8.1 per cent the previous month, the type of figure the federal government, battling to stay in office at the March 2 election, did not need.

The January unemployment rate was significantly higher than most forecasters had expected. Economists had generally been expecting the number would increase, but only to about 8.3 per cent.

The estimate of people in employment fell by 24,100, following an increase of 4,900 the previous month. This means that over the past half-year, employment has been increasing by only some 7,000 jobs a month, against a rise of about 30,000 jobs a month in the previous half-year.

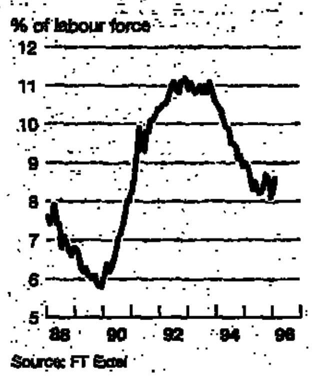
Analysts agreed that the data, while weaker than expected, should not be interpreted as a sign of a significant slowdown in the economy. Softness in employment and unemployment should not be over-interpreted; jobs estimates "are trampolining month to month while the large rise in unemployment only reverses last month's large fall", Bankers Trust noted.

The Labor government's political opponents were less kind. "This is a sharp reminder of the fundamental issue of the campaign: which side offers the most hope" on jobs, Mr John Howard, coalition opposition leader, said.

● As campaigning for the forthcoming election continued yesterday, the opposition unveiled a three-year A$60m (US$45m) policy, with most of the money going to assist the arts in the regions.

Australian unemployment

% of labour force



Source: FT Excel

The growing sum of unfunded commitments being made by both Labor and the coalition has sparked intense interest in where the money will come from. Pressure has come from the opposition to release more up-to-date budget estimates, so that a starting point can be reached.

In December, the government said there would be a 1995-96 surplus of A$115m after proposed asset sales. It has said the 1996-97 budget will be in "underlying" surplus, excluding asset sales, which many economists doubt.

"Those are the figures we put out, those are the figures we stand by; we will revise them if any revision... is needed... [in] the context of the run-up to a budget," Mr Kim Beazley, finance minister, said.

Industry is eating up agricultural land at a rapid rate

Fears for Indonesian rice fields

By Manuela Saragosa in Jakarta

Indonesia, whose people rank among the world's most avid rice eaters and cultivators, may have to forgo hopes of self-sufficiency in the crop of its staple diet as more paddy fields in the densely populated island of Java are lost to industry.

Indonesian officials say that about 5,332 hectares of paddy fields in the eastern part of Java, the island where about 60 per cent of its 190m people reside, was converted to industrial use in 1994.

Indonesia is east Asia's most populous country after China and its dilemma echoes growing fears of rice shortages in other Asian states such as South Korea.

Indonesia claims it became self-sufficient in rice in 1984 but this much-vaunted achievement depends on an ideal harvest. The country's rice production has only just kept pace with increasing demand over the past 10 years and the government's commodities procurement and regulation agency, known as Bulog, has regularly imported rice.

Bad weather in late 1994, for example, forced the government to import rice and this pushed up imports, becoming one of the factors which contributed to the widening current account deficit. Bulog said last month that the value of Indonesia's rice imports in the first half of fiscal 1996 totalled about $239.7m (£157m), the highest since fiscal 1985.

Officials forecast rice imports will be 2m tonnes in the fiscal 1996 year ending in March. They also estimate Indonesia's unhusked rice production last year totalled 48m tonnes against 46.4m tonnes in 1994 and 48.14m in 1993.

In an effort to thwart a rice shortage as consumption continues to grow, the government is pressing ahead with an ambitious project to convert 1m hectares of marshland on the island of Kalimantan (formerly Borneo) to rice cultivation.

Mr Syarifuddin Baharsyah, Indonesia's agriculture minister says surveys are being conducted to assess the project's environmental, human resources and farming methods; roads and irrigation in the area were being improved.

Land at the site was "relatively fertile" but analysts say there are concerns about how appropriate the soil is for rice cultivation. Officials admit the project could take years to realise.

President Suharto has also indicated concern about growing rice consumption, advocating that Indonesians try to diversify their diet.

ASIA-PACIFIC NEWS DIGEST

S Korean court jails ex-minister

A South Korean court yesterday sentenced Mr Rhee Yong-man, a former finance minister, to 2½ years' jail with a fine of Won140m ($179,500) on bribery charges. The court ruled that Mr Rhee, 61, would not be jailed until sentence is finalised by the highest court because of his poor health.

The Seoul District Criminal Court also sentenced Mr Ahn Young-mo, former president of Dong Hwa Bank, to a suspended 10-month jail term with two-year probation on charges of giving bribes to Mr Rhee, an official said. Last November, the two were indicted but not detained on charges that Mr Rhee took Won140m from Mr Ahn in 1992 in return for favours. Prosecutors had demanded a five-year jail term for Mr Rhee, who held his ministerial post in the early 1990s, and 1½ years for Mr Ahn. *Reuter, Seoul*

China develops turbojet

China has developed a miniature turbojet engine for use in cruise missiles and pilotless aircraft. The official Xinhua news agency said yesterday that recent technical breakthroughs had enabled engineers to make a miniature turbojet engine "technically comparable to similar products developed abroad". Three prototypes of the engine had been made. No technical specifications were given. The engine was developed by researchers at Northwest Industry University and has passed an appraisal by the China Aviation Industry Corporation, the former aerospace ministry. *Reuter, Beijing*

Olympic boycott threatened

China's top sports official hinted yesterday that the country might boycott this summer's Atlanta Olympics if the US allowed high-ranking Taiwan government officials to attend the games.

China prevented Taiwan's President Lee Teng-hui from attending the opening ceremony of the Hiroshima Asiad in 1994 by threatening to boycott the event. "If something similar happens in Atlanta, things will get much worse than at the Hiroshima Asiad," Mr Wu Shaozu, minister of the State Physical Culture and Sports Commission, said. *Kyodo, Harbin*

■ China warned that the US must stop selling advanced weapons to Taiwan if tensions between rivals Beijing and Taipei were to ease.

Mr Shen Guofang, Foreign Ministry spokesman, was responding to a remark on Wednesday by US President Bill Clinton, who said he was confident tensions between China and its arch-rival Taiwan would not explode into military conflict because too much was at stake. *Reuter, Beijing*

Clinton is lobbied on 'Dayton' plan for Ireland

By John Murray Brown in Dublin

The government of the Republic of Ireland moved yesterday to enlist US support for a conference on Northern Ireland similar to the meeting in Dayton, Ohio, which helped to bring about a Bosnia settlement. It emerged yesterday that the idea had been put to Mr John Major two weeks ago, before the British prime minister unveiled his own initiative for elections to a new Northern Ireland convention.

Mr Dick Spring, deputy prime minister and foreign minister in the government of the republic, met President Bill Clinton and other senior administration officials in Washington.

Mr Spring outlined the Irish idea for two days of intensive "proximity talks" in which all parties would convene under the same roof to prepare the agenda for substantive negotiations.

Mr Spring said on Wednesday that the idea had been put to the British a week ago in London at the Anglo-Irish intergovernmental conference.

The aim had been to overcome objections by pro-British unionists in Northern Ireland to sitting down with Sinn Féin, the Irish Republican Army's political wing.

Aides of Mr Major declined last night to comment on Irish claims that Mr John Bruton, prime minister of the republic, had informed Mr Major of the plan a week earlier. The republic's version of events would go some way to explaining the depth of ill-feeling in its government towards the British elections proposal, which was condemned by nationalists as a device to stall the start of substantive negotiations.

By modelling the talks on the Dayton model, where US-led talks between Bosnian parties had led to the end of the conflict, Mr Spring appeared anxious to secure US backing. In a further move to enlist US support, Mr Spring stressed yesterday that the report on arms decommissioning prepared by former senator Mr George Mitchell would be at the centre of any Dayton-style talks to break the stalemate in the peace process. Mr Spring will meet Mr Tony Lake, Mr Clinton's national security adviser, today.

"There is no better proposal for working intensively on the problems in the time remaining than the one put forward by this government," Mr Bruton said yesterday in the Dail, the republic's parliament.

A man from Northern Ireland who was jailed for eight years was awarded £15,000 ($23,100) costs yesterday by the European Court of Human Rights in Strasbourg. The court decided that Mr John Murray's human rights had been violated because he was refused access to his lawyer during police interviews which led to his trial and imprisonment for aiding and abetting the false imprisonment of an Irish Republican Army informer. No compensation was awarded. The ruling puts pressure on the British government to change practice in Northern Ireland, where the exclusion of lawyers from interviews is allowed, unlike in England.

Philips sells telecoms business

By James Buxton in Edinburgh

Philips, the Dutch electronics group, has sold its telecommunications equipment business in Scotland to Telecom Sciences Corporation, a new company which aims to be a significant UK telecommunications manufacturer.

Telecom Sciences has raised more than £20m ($30.8m) to finance the deal, in which the existing management of the business to be acquired, Philips' telephone systems operation at Airdrie near Glasgow, is also involved. Telecom Sciences' chief executive is Mr David Boyce who has held senior posts with US and Canadian telecommunications equipment manufacturers.

The Airdrie plant employs 450 people and designs, makes and markets Philips' telephones and private business exchanges for the small to medium-sized business market. It has annual turnover of nearly £50m.

Telecom Sciences will have a five-year contract to supply Philips with telephone systems, with guaranteed orders for the next two years. It has a strategic alliance with Philips to develop a new range of systems.

Philips decided to sell the Airdrie operation and withdraw from business telecommunications to concentrate on consumer telecommunications products.

Mr Boyce said yesterday that he envisaged Telecom Sciences in five years time getting only a quarter of its business from Philips, as it develops other products and moves into other markets. It was already a leading supplier of equipment for small and medium sized businesses.

Murray Johnstone Private Equity, part of the Glasgow-based investment managers, has provided £7m in equity to help finance Telecom Sciences. Senior debt is provided by NatWest Markets Acquisition Finance.

Mr Boyce, 45, has been seeking an opportunity to buy into a telecommunications company in Europe for the past few years. Until 1994 he was head of international business for DSC Communications of Dallas, Texas. Before that he held senior positions with Northern Telecom of Canada, and was the managing director of the company's UK subsidiary.

He is joined in the deal by Mr Sandy Ellis, who worked with him at DSC and who will be finance director. Three executives from the Airdrie plant, led by Mr Alan Kennedy, the plant's managing director, are also involved.

There is currently only one significant UK-controlled telecommunications equipment maker: GPT which is owned 60 per cent by General Electric Company and 40 per cent by Siemens of Germany.

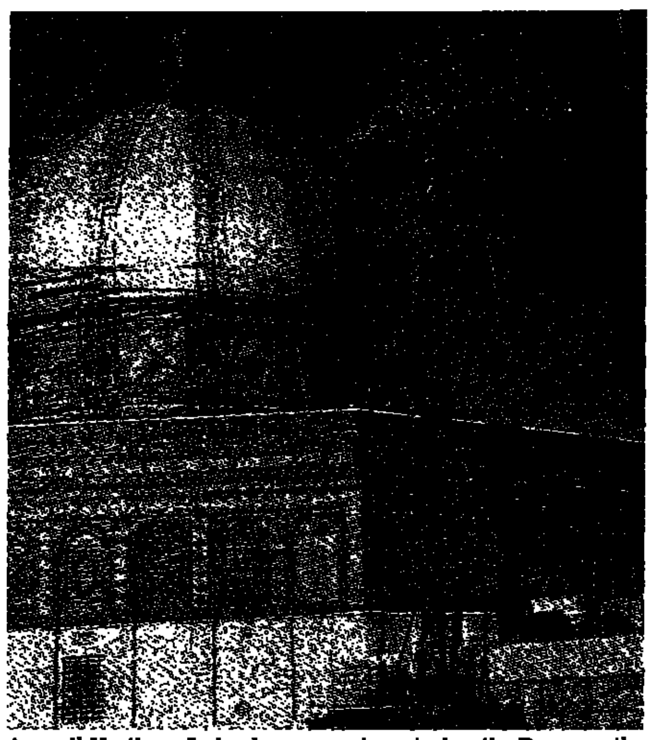
Small company eludes construction industry gloom by building palaces and theme parks

'If somebody has to do it, it should be us'

By John Murray Brown

If much of the UK building sector is in gloom, a small Northern Ireland firm is bucking the trend. Mivan is a privately owned specialist contractor which built a palace for Saddam Hussein and secured a prestige contract to restore Jerusalem's Dome of the Rock, one of Islam's holiest shrines. The company expects to double its profits for 1995 to about £6m ($9.2m) on turnover of £85m. In 1996, the company forecasts sales of close to sterling £120m with export orders accounting for 90 per cent of business activity.

From a factory in Antrim, this shop and ship fitter has acquired an unrivalled reputation for specialist construction work from temples to theme parks. "We take the view that if someone has to do it, it should be us," says Mr Ivan McCabrey, who founded the company in 1975 with his partner Mr Mervyn McCall, a fellow civil engineering graduate from Belfast's Queen's University.



A small Northern Ireland company is restoring the Dome on the Rock in Jerusalem, one of Islam's holiest shrines

Mivan won the contract to build the Big Thunder Mountain at Euro Disney near Paris, where the company was the largest general contractor. Last year, the company completed a design and engineering feasibility to build a replica of the Titanic, the liner that was built in Belfast and sank on its maiden voyage.

In October, Mivan secured a deal with from Warner Bros, the US media giant, in which the Northern Ireland company is contracted as the specialist engineer for a theme park outside Düsseldorf in Germany. Universal Studios is also said to be knocking at Mivan's door.

The factory where it all happens looks more like an aerospace workshop than a conventional contractor's yard, with waterjet cutters turning out everything from a lattice panel for a local Indian restaurant to luxury fittings for ocean liners.

The company does not court publicity. During the ill-fated refit of the QE2 liner, television cameras caught a shot of the Mivan company logo during an interview with an aggrieved customer. Mivan, one of the few contractors which had completed its work on time, secured an apology from the BBC.

The company philosophy has been to go into difficult uncharted territory, preferably with the financial backing of a government or multilateral agency. "The company has cleverly avoided the vagaries of the Northern Ireland construction market, and has shown what you can do if you go into exports," says a Belfast banker.

In such risky markets, the company prefers to deal directly with government bodies, as in a £77m deal to build a base for the Thai air force, complete with a Buddhist temple for the officers. In Indonesia, where it is building the country's highest building, it is in partnership with the Korean conglomerate Hyundai. In practice the company's exposure is limited, because up to 50 per cent of all its non-UK business is covered by export guarantees from the government's Export Credit Guarantee Department.

Last year, to raise its international profile, the company brought Mr Richard Needham, the former British trade minister, to the board as a non-executive director. But it is in no hurry to go public. "I don't see it," says Mr McCabrey. "After all, who wants to have the people in the City of London telling us what we should be doing?"

The long-term concern is how Mr McCabrey can keep control of this disparate empire, which is now working in more than 10 countries and employing more than 3,000 people. "The important thing is that the dealmaker should be near the deal," he says. "I can't possibly be everywhere, so the closing of any project is done by the manager on the ground. You can't take that away from him. As a result the projects are more like separate businesses."

In the early days the main focus was Iraq, where Mivan worked initially with GEC on a series of power stations before constructing Saddam's palace, which was then obliterated during the first allied air raids on the Iraqi capital in 1991.

"It was not a bunker as some have suggested," says a company official. "It had a substantial kitchen and some pretty hefty windows with triple-glazing. But then it was on the main eight-lane highway into Baghdad."

One of Mivan's current projects is to build a sterling 12.8m hospital for the United Nations in the Gaza Strip. As Mr John Nicholl, Mivan's project manager, recalls: "There was no communications, or services on the site, so before we could even mix the concrete we had to sink a well to get water."

Business leaders scorn EU 'folies de grandeur'

By Robert Shrimsley, Lobby Correspondent

Business leaders have united to denounce plans for a European single currency as an expensive and dangerous threat to Britain's prosperity.

Those joining the debate include Sir John Hoskyns, chairman of Burton group; Mr Christopher Miller, chief executive of Wassall; Sir Michael Edwardes, chairman of Charter plc; Sir Alick Rankin, chairman of Scottish and Newcastle; and Mr Tim Melville-Ross, head of the Institute of Directors.

Their attack comes in a pamphlet entitled *A Business Agenda for a Free Europe* published today by the European Research Group.

Sir John Hoskyns observed that it was difficult to judge "whether the present antics of Europe's leaders reflect an undemocratic conspiracy or simply *folies de grandeur*. As they endlessly summit together for the naming of coins and the reaffirmation of unity we are watching either the end of a farce or the beginning or a tragedy."

He asked Emu enthusiasts a number of questions: how would the entry rate be determined, how would external shocks such as oil price rises affect different states, and, if interest rates were uniform, would the impact of changes be similar in different nations?

"Is the single currency conceivable without European unification?" he continued. "If it cannot be achieved except as part of a complete political union, is such a union practical in terms of economic compatibility, language, labour mobility, law, religion, political stability, institutions, tradition, culture and popular support: all on a five to 10-year timetable?"

Before signing up to a single currency "business should ask politicians to answer these questions in the plainest possible language so that people can form a view", he concluded.

Mr Miller argued that Emu would lead to higher prices, interest rates, unemployment and taxes. All observers agree that it would be followed by "pan-European taxation", he added.

Sir Alick warned business to remember the lessons of its blind enthusiasm for membership of the untested Exchange Rate Mechanism. Emu would require "tough convergence criteria and a monetary corset," he declared. "The ERM is a painful memory. Have we forgotten everything and learned nothing?"

● Mr Adair Turner, director-general of the Confederation of British Industry (the nation's largest lobby group for employers), launched a robust attack on the opposition Labour party last night in a speech seen in part as an attempt to combat criticism of his recent remarks on the need for long-term income growth and "stakeholding" for employees.

The CBI opposed Labour's support for the EU social chapter, he said. It would be alarmed if the party backed the extension of qualified majority voting to areas of the social chapter such as social security contributions.

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UK NEWS DIGEST

Defence industry to be shielded

The Ministry of Defence said it will pay more attention to maintaining the British defence industry when considering future procurement decisions. However, while the ministry says consolidation in the European defence industry is inevitable, it will not play an active role in promoting rationalisation.

This new policy goes some way to countering stinging criticism handed to the ministry by a combined House of Commons trade and defence committees' report in December. But the ministry's response falls short of the committees' recommendation that it and the trade department should "play a more active role in promoting international collaboration". The committees argued that the British defence industry could be marginalised as defence budgets shrank and the powerful US defence industry became an increasingly aggressive competitor for UK and export markets.

The ministry agreed that there were risks to the UK's industrial and technology base. It said it would more actively balance the need to maintain a defence industrial base in Britain by developing weapons in the UK against the attractions of buying cheaper US equipment "off the shelf".

Bernard Gray, Defence Correspondent

Editorial Comment, Page 23

Union membership sinks

The number of employees belonging to trade unions has fallen to the lowest level since the end of the second world war, official figures showed yesterday. After 15 consecutive years of decline only 8.3m workers are now unionised – about a third of the national labour force. In 1994 – the latest year for which figures are available – there was a 4.9 per cent fall in overall membership. The most striking change now taking place is the rapid decline in the proportion of men who are trade union members. In 1994 alone there was an 8.7 per cent fall in male union membership. By contrast female trade union membership rose by 1 per cent to 3.5m. Women now outnumber men in five of the country's 10 largest trade unions. *Robert Taylor, Employment Editor*

Capping proposal set out

Lloyd's of London set out proposals for capping the amount lossmaking Names should pay to close their affairs at the 300-year-old insurance market. It also confirmed a fresh rescheduling of its ambitious recovery plan. The cap was attacked as inadequate by representatives of badly hit Names, the individuals whose assets have traditionally supported Lloyd's. At the same time, a decision to delay voting on the recovery plan from March until June highlighted the work needed before it can be agreed. The poll had originally been scheduled for last autumn. Lloyd's said yesterday that after funds deposited with it had been exhausted, Names should not have to find more than an extra £100,000 ($154,000). It also said that for those who could not afford that £100,000, there would be £100m available to ensure "finality". But this is expected to be means-tested. *Ralph Atkins, Insurance Correspondent*

Teachers and nurses protest

The government is to phase in pay awards for 800,000 public sector workers and recommend a nationwide minimum rise of 2 per cent for 500,000 nurses. Its decision yesterday resulted in furious protests from teachers and hospital staff. The pay awards averaged 4 per cent for all employees covered by review bodies for the armed forces, doctors, teachers and senior public officials.

But the cabinet rejected the proposal that the rises should be awarded in one lump, following pressure from Mr Kenneth Clarke, chancellor of the exchequer. Instead, most of the increase will be paid on April 1, but 1 per cent will be held back until the beginning of December. Mr Clarke insisted on staggering the payments to save £149m ($229.5m) of public money. Nurses, however, will receive all their rise in one lump, because their increment will be determined locally by negotiations with health service trusts. However, the government said their awards should on average be no less than 2 per cent. The Royal College of Nursing described this minimum as "derisory". The National Union of Teachers launched a fierce attack on the annualised 3.75 per cent increase for its members. *Robert Peston, Westminster*

Legal update: A bill designed to abolish a 13th century law which prevents an assailant from being charged with murder or manslaughter if his victim dies later than a year and a day after the attack will be introduced into the House of Commons today. Mr Doug Hoyle, a Labour MP, said the measure would end a "medieval anachronism more suited to the era of the bow and arrow . . . There have been many cases where the authorities have been able to charge an assailant only with a lesser offence because the victim has remained alive for a year and a day after the attack."

Accountancy German opponent of Hitler survived imprisonment by Nazis to pioneer firms' increasingly international outlook

Creating a profession without frontiers

The life of Reinhard Goerdeler, the German accountant whose name gave the global firm KPMG its "G", is a reminder that his profession is fast outgrowing national boundaries, writes **Jim Kelly, Accountancy Correspondent**.

The memorial service held for Goerdeler, who died in January, coincided with a declaration from Britain's Accounting Standards Board that its main aim in the coming years was to influence the development of an international financial reporting code.

Goerdeler would have sympathised with such an ambition. His life spanned the emergence of the international profession from the second world war to the foundation of the International Federation of Accountants, of which he was the first president.

His father, Carl Goerdeler, was the Lord Mayor of Leipzig who in 1936 resisted the removal of a statue of the Jewish composer Mendelssohn from the centre of the city. He was executed for treason in 1945. His son was arrested while serving in Italy following the unsuccessful assassination attempt on Hitler on July 20 1944. The Goerdeler joined the accountancy firm Deutsche Treuhand-Gesellschaft in 1958. He rose during the next 38 years from tax employee to honorary chairman of the supervisory board.

In 1979 he helped form the international accountancy group Klynveld Main Goerdeler, which in 1986 expanded to become Klynveld Peat Marwick Goerdeler, KPMG. "He was undoubtedly one of the most significant figures in the international accountancy profession since the second world war," said Mr John Kirkpatrick, former president of the Institute of Chartered Accountants of Scotland.

Talk of significant figures brings us to Sir David Tweedie, chairman of the ASB, and his international agenda. The board works under the umbrella of the Financial Reporting Council which has just published its progress report for 1995. Sir Sydney Lipworth, chairman of the council, notes that 1995 was a good year for the International Accounting Standards Committee, the London-based organisation led by Sir Bryan Carsberg. The world's leading securities commissions have signed up with the IASC on the long-term development of a set of core standards.

"It is highly desirable therefore that the ASB should be a strong and influential contributor to the development of IASC's thinking," says Sir Sydney. Sir David, significantly, now has a seat on the IASC.

Sir David, in his report, names the "twin aims" of the ASB in the coming years: to influence the international debate and to reduce the burden of financial reporting for companies. The first aim is designed to protect UK companies from having to prepare two sets of accounts when they want capital on overseas exchanges and to enable analysts to understand, and have confidence in, UK accounts.

The ASB is already meeting on a formal, and regular, basis with standard-setters around the world. Three times a year it meets with Australia, Canada and the US, with the IASC in attendance, in the so-called G4 plus One meetings. Once a year it meets with the Australian, New Zealand and South African standard-setters, twice a year with other European bodies.

Meanwhile the issue of international accounting standards is coming close to home for the ASB. The declared intention of Mr Mario Monti, the EU commissioner with responsibility for the internal market, is that European companies with an "international vocation" should be able to prepare only one set of consolidated accounts. The EU is to examine making IASC standards the basis of these accounts.

The problem for Sir David, and the motivation for the board's international zeal, is that the UK business community finds some IASC standards unsavoury.

The board's report carries a stern warning: "If international opinion remains against us then we must seriously question our own practices and decide whether the supposed benefits of staying apart from international practice are worth the cost of not changing."

Deferred tax is a good example of this dilemma. The UK method of partial provision is rejected elsewhere in the world. It allows directors to judge when liabilities will crystallise. Full provision, in which account is taken of all tax liabilities even if the tax will not be paid for a very long time, would change the face of many UK company accounts.

Sir David's report reveals that the board is "re-examining the issue" and has raised the reaction of UK business with the IASC to "explore the scope for changing the international consensus".

The Institute of Chartered Accountants of Scotland and the Chartered Institute of Public Finance and Accountancy (Cipfa) have forged a joint membership deal for their 26,000 members. The two bodies will portray the agreement as an alternative to attempts to unify the UK's six professional organisations by a process of formal mergers.

Mr Noel Hepworth, director of Cipfa, said the agreement offered both bodies significant advantages and would run throughout the UK. He felt it would help "wind down the intense competition between the bodies, particularly over student numbers". Mr Ian Marrian, deputy chief executive of the Scottish institute, said: "We felt co-operation was the way forward."

Senior Appointments

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We need leaders that are customer and product focused, who will help shape technologies strategies and consciously advance the core organisational values of teamwork, leadership, communication and quality.

As a catalyst of change, your visionary capabilities will energise and motivate. Results orientated, you will deliver creative world-class IT business solutions. There are a range of positions which require individuals with the ability to influence at all levels and, critically, work as true partners with the business. You will enjoy taking the initiative, challenging current practices and will relish the opportunity of leading your departments. In short, we seek an expert combination of technologies and people leadership.

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HN1838/FT

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HN1839/FT

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- A focus on customer service with demonstrable achievements in IT operational management.
- Ability to own issues, manage conflicting priorities, combined with resilience and tenacity.
- Broad operational background encompassing the management of distributed and central systems, LANs and WANs through a large geographically dispersed team.

HN1840/FT

Applications are invited from candidates of degree/MBA calibre from any industry sector, particularly financial services. Successful candidates will be rewarded with first class remuneration packages as would be expected from a leading global organisation. All positions will require a high degree of international travel.

As an equal opportunities employer we welcome applications from qualified candidates from all backgrounds.

To apply please send a covering letter and CV to the advising consultants at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel. 0171 333 0033. Fax: 0171 333 0032). Please quote the relevant reference number, current salary details, and daytime contact telephone number. Also apply via http://taps.com/Harvey_Nash

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- Ensuring Group IT strategy and policy is implemented and integrated into the respective regions in a consistent manner.
- Manage, build and give direction to the existing functions in those regions.
- Ensuring all ongoing programmes and future projects are delivered successfully to time and budget.

Candidates will be graduates with a proven track record of IT delivery to business and strong project management skills. It is essential that you can demonstrate business acumen and a commercial approach, combined with strong credibility and interpersonal skills. The Continental Europe position requires a fluent German or French speaker whilst an Asian language would be advantageous for the Asian position but is not essential. Cultural empathy will be a pre-requisite. Mobility and willingness to travel are also necessary.

These positions represent unique and high profile opportunities to join a highly prestigious market leader, to positively impact their business and with excellent potential for career progression based on individual merit.

If you believe you have the necessary skill sets, drive and approach then please write enclosing an up to date Curriculum Vitae, including daytime telephone number and salary details to the advising consultants, Jonathan Kidd or Lisa Powell, at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033) quoting reference HNF127FT.

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- Financial Markets, Investment Banking and Securities background with particular expertise in back office processes and technologies.
- The ability to project manage multi-million pound projects and associated resources.
- Proven business development and client management skills.
- An entrepreneurial approach with the competence, gravitas and interpersonal skills appropriate to a position of this profile and seniority.

Probably aged mid 30s, candidates will be high calibre graduates with a minimum of 7 years' IT experience gained within the Financial Markets arena with either a leading financial institution or consultancy. You will display technical excellence and rapid career progression to date. This is a challenging and demanding role; candidates must be capable of making full partner in the most rigorous and exacting of environments.

If you believe you have the necessary experience, skill sets and flair then please write enclosing an up to date Curriculum Vitae, including daytime telephone number and salary details to the advising consultant, Jonathan Kidd, at Harvey Nash Plc, 13 Bruton Street, London WC1X 7AH. (Tel: 0171 333 0033) quoting reference HNF128. F.T.

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"A facilitator of change enabling IT to deliver to business"

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With at least 10 years of IT management skills in your portfolio, you will be of graduate calibre, pragmatic and highly committed to delivering this vision of change. A strong record of service delivery would be expected, along with the ability to deliver a clear and firm message that you mean business.

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You will also be expected to provide production support for the systems, including out-of-hours support when required.

This is a fast-paced environment where high-level responsibility and job fulfilment go hand-in-hand; one where initiative, determination and an appreciation of timescales are all critical attributes. To qualify, you will need 3-5 years' appropriate systems experience demonstrating proven development skills in either COBOL (On-line & Batch) or Millennium PDL & SDT. The ability to prioritise and manage software maintenance backlogs is essential, as are the skills to communicate effectively with both technical and non-technical personnel.

The salary and benefits package will reflect your experience and abilities. Please write with full cv, including details of current salary, to Janet Gray, GE Client Business Services Europe, Emco House, 5-7 New York Road, Leeds LS2 7PJ.

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They wish to appoint a mature, technologically aware but commercially focused IT professional to understand their business and then develop and implement an IT strategy that will further enhance their success. The role offers a real opportunity to profoundly influence the company's operations and its commercial performance. Specifically it will involve:

- Project managing the development of an effective IT and communications infrastructure to link nearly 200 sites.
- Working closely with senior management and staff at all levels to critically examine their requirements, business processes and how IT can add value.
- Examining the potential for new IT applications, particularly in Sales, Marketing and Customer Service.
- Developing an effective and flexible MIS framework.
- Establishing strong relationships with, and effective management of, third party suppliers.
- Developing and managing an efficient IT function and its associated budgets.

Suitable candidates will probably be aged 35-45, be of graduate calibre and will combine the intellectual/ commercial skills necessary for incisive business analysis with the drive, energy and enthusiasm to implement major programmes of process and systems change. They must have the confidence, commercial awareness and inter personal skills to establish productive relationships at all levels in the business and a practical "sleeves rolled up" approach to problem solving. They should have a strong service orientation to both internal and external customers.

A specific technical or business background is less relevant than the awareness of, and enthusiasm for, the commercial possibilities offered by IT. Candidates could be from a line role or consultancy but should have:

- Experience of managing staff, budgets and suppliers.
- Proven project and change management experience.
- Exposure to MIS and ideally Sales/Marketing systems.
- A familiarity with mid range systems, ideally AS400 or Unix client server environments.

A knowledge of LANs and an awareness of multi-site WAN issues would be an advantage.

Interested candidates should forward a detailed CV, including current salary details and a covering letter explaining why you meet the above criteria to Keith Evans at Michael Page Technology, Page House, 39-41 Parker Street, London WC2B 5LH, quoting reference 270851.

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As a result, our client requires an experienced, high calibre individual to manage the implementation of innovative leading edge information systems. Of particular importance is the ability to raise the awareness of IT, identify the potential business benefits of the creative use of technology and manage the business process change. Key responsibilities will include: liaison with users to define the real needs of the business; supplier selection and ITTs; third party relationship management; delivery of effective customer focussed solutions and team management.

The successful candidate will probably be 30+, of graduate calibre, with first rate project management experience covering the whole life cycle, gained at the "sharp end". Experience of supplier management and package selection is of particular interest, as is a background in a customer facing environment, ideally including sales and marketing systems. Of equal importance are first rate interpersonal skills and the potential for further progression within this multinational concern.

Interested candidates should send their CV to Christopher Sale, Director, Michael Page Technology, Page House, 39-41 Parker Street, London WC2B 5LH, quoting reference 271136.

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City Appointments

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- be educated to degree level, preferably in a numerate discipline, and may have a further degree.
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- possess good working knowledge of a major relational RDBMS such as Oracle or Sybase. 2 years' programming experience (preferably in C or VB) and exposure to structured development techniques.
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London February 1996

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- preferably (for the equities role) theoretical and practical familiarity with CREST

For further information, please contact Kevin Davey, quoting reference KDFT01, on +44(0)171-247 7444. Alternatively, send your CV to McGregor Boyall Associates, 114 Middlesex Street, London E1 7JH. Fax: +44(0)171-247 7475. email: kevind@mcgregor-boyall.co.uk

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FINANCIAL TIMES
COMPANIES & MARKETS

Friday February 9 1996

IN BRIEF

Ericsson advances 36% in full year

Ericsson, the Swedish telecoms equipment supplier, brushed aside recent investor worries about mobile telephone markets. It reported a 36 per cent jump in profits to SKr7.8bn ($1.08bn) in 1995 and reaffirmed its confidence that rapid global growth in demand for mobile phones would continue despite a weaker trend in the fourth quarter of last year. Page 21

Flotation rise may revive Milan exchange
Despite Milan being one of the worst performing stock exchanges in 1995, last year saw a marked increase in the number of flotations, and the borsa's supporters believe the trend may continue this year. Page 26; Brembo poised to beat flotation forecast, Page 26

Houghton to retire as Corning chairman
Mr James Houghton, chairman of the US industrial group Corning and great-grandson of the founder, is to take early retirement. Mr Houghton, 59, will be replaced as chairman and chief executive by Mr Roger Ackerman, chief operating officer. Page 28

Chrysler/Kerkorian clash set to intensify
An escalation in the hostilities between Chrysler and one of its biggest shareholders, Mr Kirk Kerkorian, appeared more likely after the US carmaker rebuffed the billionaire investor's call for representation on its board. Page 28

Samsung Electronics sees rise to $4.1bn
Samsung Electronics, the world's largest producer of computer memory chips, said it hoped to achieve a pre-tax profit of Won3,200bn ($4.09bn) in 1996 after it reported provisional net earnings of Won2,500bn for 1995. Page 29

Transglobal test for Bank of Scotland
Now that the flotation of BankWest, the former state-owned Australian regional bank, is over, the spotlight turns on how its new owner, the UK's Bank of Scotland, proposes to manage it – a task hardly facilitated by the 9,000-mile gap between Perth and Edinburgh and an 8-hour time difference. Page 29

BT outstrips highest forecasts
British Telecommunications reported better than expected third-quarter results with a 26 per cent growth in profits before tax to £829m, £29m ahead of the most optimistic of analysts' projections. Page 30

Closure costs hit News International
The closure of the Today newspaper cost News International £42.1m, the company revealed yesterday, when it reported a steep decline in half-year pre-tax profits from £561.9m to £168.9m. Page 30

Foreign investors drive Bombay rally
A surge of foreign buying sent Bombay up 5.5 per cent, lifting the Sensex index by 178 points to 3,380.04 in the market's best one-day rise since September 1994. Bombay traders said foreign institutional buyers were behind the rally, encouraged by the steadying of the rupee at Rs37 to the dollar. Back Page

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Berliner Kraft	479	+	6
Bilfin	170	+	15.5
Kali & Salz	207.5	+	8.5
Falls			
Adidas	935	-	13
Allianz	[illegible]	-	13
Goldschmidt	558	-	12
NEW YORK ($)			
Rises			
Allergan	38¾	+	3¼
Helene Curtis	58¾	+	2¾
Hilton Hotels	90¾	+	4¾
Falls			
Boston Beer	19	-	1½
Newmont Mng	54⅛	-	2⅝
Nynex	56⅛	-	3
LONDON (Pence)			
Rises			
Cairn Energy	193	+	21
Intereurope T	118	+	12
Sket	113	+	16
Falls			
Brabant	35	-	8
Quality Softwr	353	-	35
Wickfield	25	-	5
TORONTO (C$)			
Rises			
Cognos	64⅛	+	4
Road A Tech	28½	+	2
Falls			
Bearmoose	13	-	1¾
Crown Res	8	-	1⅛
Golden Star	8⅞	-	1½
Simpsons Ind	16⅛	-	1¾
PARIS (FFr)			
Rises			
Elf	186	+	7
Thomson CSF	131.9	+	5.5
Falls			
BNP	188.8	-	7.9
Canal Plus	913	-	40
Havas	376.3	-	18.2
Legrand	890	-	37
TOKYO (Yen)			
Rises			
Amitec	1390	+	90
Cosmo Oil	595	+	41
Mosel Sangyo	2020	+	110
Nissoku	1210	+	120
Showa Shell	1040	+	32
Tosoh	686	+	32
HONG KONG (HK$)			
Rises			
Asia Sat	2.8	+	0.175
Island Dyeing	7.2	+	0.85
Lion Asia	2.2	+	0.175
Falls			
Goldlion	6.1	-	0.3
Great Eagle H	22	-	0.9
Kenwood Hldgs	8.85	-	0.35
BANGKOK (Baht)			
Rises			
Central Pat	84.5	+	6
Ocean Glass	25.25	+	2.25
Petro Ceramics	15.25	+	1.25
Thai Carbon	123	+	7
Thai Commercial	40.5	+	2.25
Falls			
Siagor	232	-	16

New York and Toronto prices at 12:30.

Regulator backs Cigna restructuring

By Richard Waters in New York and Ralph Atkins in London

Cigna, the US insurer, yesterday won regulatory backing for a restructuring plan which could set a precedent for insurers wanting to put old environmental and asbestos risks behind them.

The state insurance commissioner in Pennsylvania, where Cigna is based, agreed Cigna's plan to put policies under which it is likely to face billions of dollars of claims into a separate "run-off" company. The approval was despite vociferous opposition by some rivals.

Lloyd's of London is seeking UK approval for a similar exercise, involving the transfer of about £16bn ($24m) of mainly US environmental and asbestos liabilities into a new reinsurer, Equitas.

Cigna's plan was a *cause célèbre* in the insurance world because of its size, prominence and the difficulties in estimating US pollution and asbestos-related liabilities. The fact that regulators were prepared to accept actuarial estimates on the reserves Cigna needed could provide an important pointer.

"It is a very interesting model that could be used by others," said Mr Gerald Isom, head of Cigna's property/casualty operations. Approval came only after Cigna agreed extra financial support for the new company, reducing the risk that it would be unable to meet future claims.

However, opposition to the scheme from other parts of the industry continued. Some insurers fear that, if the new company is unable to meet future claims, state compensation funds will have to make up the shortfall. Most state funds are financed by levies on insurance companies.

American International Group, the New York-based insurer which has led a campaign against the plan, hinted it would take further legal action to try to block it. "We and others continue to feel strongly that our previously expressed position about this transaction is correct," it said.

The New York insurance department, which regulates insurers in the state, said: "We do have problems with the concept". But it pointed out important differences between Cigna's proposals and Lloyd's plans for Equitas. At Lloyd's, the Names – individuals whose assets have traditionally supported the insurance market – would become responsible for liabilities should Equitas fail.

Cigna claimed that its restructuring had resulted in a far greater degree of regulatory scrutiny of its potential environmental liabilities than other insurers. "Other companies should have a full vetting of their [asbestos and environmental] exposures, as we have had," Mr Isom said.

Under regulatory pressure, Cigna has agreed to meet up to $800m of claims if the new company runs low on funds, rather than the $550m it originally intended. But Mr Isom said the extra reinsurance "is nothing more than our willingness to verify that we are behind this in total". He added: "We still don't see any way that any of this...will ever be needed."

Cigna also disputed complaints from opponents that the true scale of its environmental and asbestos exposures had been kept secret, making it impossible to assess whether the new, run-off company would be able to meet all claims.

"There is more information about Cigna's asbestos and environmental liabilities on the public record than any other company in the industry," said Mr Jim Meehan, the company's attorney.

The advantage to insurers of spliting off old and new insurance policies is that the ongoing operations can concentrate on developing the business unencumbered by uncertainties relating to the past. It can also help to improve credit ratings.

In addition, proponents argue that having management teams dedicated to servicing old policies allows better handling of claims and assets.

UK media groups agree £3bn merger

By Patrick Harverson and Raymond Snoddy in London

The prospect of a takeover wave in the UK media industry came closer yesterday when United News and Media, publisher of the Daily Express, agreed a £3bn ($4.6bn) merger with MAI, the broadcasting and financial services group which controls two independent television companies.

The coming together of groups owning national newspapers and ITV companies anticipates the passage of a deregulatory Broadcasting Bill now before parliament, which will allow most newspaper groups to take over television companies, and vice versa, for the first time.

The merger, if it goes ahead, would bring together a variety of media companies ranging from national and local newspapers to Meridian and Anglia Television, plus a stake in Channel 5 Broadcasting.

Lord Stevens, the Conservative peer who is chairman of United will become chairman of the enlarged group and Lord Hollick, the Labour peer who is managing director of MAI will become chief executive of the new company which has yet to be named.

Lord Stevens said: "Our businesses are complementary and together will form a major force in one of the fastest growing sectors in the world."

Under the terms of the merger, MAI shareholders will receive 64 United shares for every 100 held, while holders of MAI convertible preference shares will receive 241 United shares for every 1,000 held. When the deal is completed United and MAI shareholders will own 50.7 per cent and 49.3 per cent respectively of the combined group.

The "warehousing" device that is necessary to allow the deal to go ahead involves transferring the shares into two new subsidiaries of United that will be part-owned by UBS, the group's broker.

The City reacted positively to the merger news and analysts said the deal made good strategic sense, although several called it a defensive move to pre-empt bids from rival media groups. Shares in both companies rose sharply: United closed up 28p at 652p and MAI rose 69p, or 18 per cent, to 448p.

Interim results for MAI announced yesterday showed a 7 per cent increase in pre-tax profits to £62.7m.

Lex, Page 24

Sony rises 25% but warns of slower overseas demand

By Michiyo Nakamoto in Tokyo

Sony, the Japanese consumer electronics manufacturer, yesterday unveiled a 25 per cent rise in third-quarter pre-tax profits, but warned that a slowdown in overseas markets – particularly the US – would result in weaker full-year earnings than expected.

US demand for computer-related equipment had weakened, and the group's US music unit had also performed less well than expected. Although Sony claims that the *HIStory* album by Michael Jackson, one of its most expensive and most popular artists, is selling well, the album has not received widespread critical acclaim in the US.

On the brighter side, buoyant demand for computer-related components and its video games machines lifted Sony's consolidated results in the third quarter. In the three months to the end of December, pre-tax profits rose to Y73.9bn ($697m) from Y59.2bn a year ago on sales that grew 18 per cent to Y1,342.9bn.

The company's popular 64-bit video game system, the PlayStation, contributed significantly to the improved results. The highly successful game machine has sold more than 3m units worldwide since its launch just over a year ago.

New products, such as digital camcorders, also helped expand sales. Sony has been one of the first companies to launch digital camcorders which offer high quality video that can be recorded over repeatedly without loss of quality. Video equipment sales advanced 9 per cent.

Following a recent trend, products other than its traditional audio-visual equipment, such as CD-ROM drives and telephones, showed the strongest rise in demand.

Sales in Sony's non audio-visual division climbed 56 per cent, compared with a rise of under 2 per cent in the audio division. Strong computer display sales contributed to a 13 per cent rise in the television division.

Sony said that, overall, its entertainment business enjoyed strong operating income during the third quarter, primarily from improved earnings of the motion pictures group. The turnround for the group, which showed an operating loss a year earlier, was helped by successful television syndication in the US, favourable home video performances and management efforts to control costs, Sony said.

The company's revised forecast for the year to March shows aconsolidated pre-tax profit of Y145bn, against an earlier forecast of Y155bn, and net profits of Y54bn, against a previous forecast of Y65bn.

Last year, Sony made a pre-tax loss of Y220.9bn and a net loss of Y293.4bn, reflecting the write-off of goodwill related to its movie business.

Sony confirmed yesterday that it was issuing Y300bn in convertible bonds in order to repay short and long-term borrowings.

Battle for German audience ratings intensifies

Kirch and ZDF in US film deals

By Judy Dempsey in Berlin

Columbia TriStar's library includes 'Lawrence of Arabia'

The Kirch Group, Germany's powerful media conglomerate, and ZDF, the second state television network, have separately clinched large film deals with US studios in a bid to gain more share of a television advertising market with revenue worth an estimated DM6bn ($4bn) this year.

The deals to show films of Columbia Tristar, a Sony subsidiary, and Hearst Enterntainment respectively are aimed at capturing a new and younger audience while retaining the older generation. They coincide with a bitter struggle among the state and private commercial television networks for higher audience ratings.

They also reflect how Germany is becoming one of the most important customers for US film producers. "The German market is the largest and one of the fastest growing in Europe," said Mr Jon Feltheimer, president of Sony Pictures Entertainment (SPE).

Kirch would not disclose the cost of the deal with Sony but analysts believed the package could exceed DM1bn.

Columbia TriStar International Television (CTIT), a subsidiary of SPE, this week signed a long-term licensing agreement with Munich-based Kirch group. The agreement covers exclusive rights to a range of classic titles as well as all feature films from SPE's companies released after 1996 for the next 10 years. It enables Kirch to distribute them to German-speaking countries.

"This pact represents the largest single commitment ever made by an international buyer for Columbia TriStar's television programmes and feature films," said Mr Michael Grindon, president of CTIT. It includes such classics as *Lawrence of Arabia*, *On the Waterfront* and *Close Encounters of the Third Kind*.

In November, Kirch surprised its German counterparts by agreeing to pay $30m – twice what British Broadcasting Corporation paid – for a small package of films from MCA, the US film producer, which included *Schindler's List* and *Jurassic Park*.

Kirch will have little difficulty in distributing its latest acquisition: it is Germany's leading supplier of feature films and television programming, boasting a library of more than 80,000 hours of programming, including 15,000 feature films. It has large interests in private television.

Hard on the heels of Kirch is RTL, a commercial television network owned partly by Bertelsmann, Germany's large media group, and ZDF.

RTL recently paid $240m for a package of 50 films and 500 hours of programming from Time Warner of the US. This week, ZDF signed a deal, for an undisclosed fee, with Hearst Entertainment of the US, to secure the German rights to 50 TV films to be made by Hearst over the next four to five years.

"We want to capture a younger audience as well as hold on to the older generation," said Mr Werner Schwaderlapp, manager of ZDF Enterprises, a unit of ZDF.

British Gas row with watchdog could complicate demerger

By Robert Corzine in London

The timing of British Gas's demerger is likely to be complicated by a pricing dispute between the company and Ofgas, the industry regulator, which seems certain to be referred to the Monopolies and Mergers Commission.

Ofgas has proposed to British Gas a change in the way the regulator calculates a price formula which could wipe hundreds of millions of pounds off the revenues of TransCo, the monopoly pipeline network at the heart of British Gas.

The pipeline is also the main asset of International TransCo, the larger and more financially robust of the two new companies to be carved out of British Gas under a demerger plan unveiled earlier this week.

British Gas can demand an MMC review of the Ofgas proposal but this could complicate its demerger plan to split itself into two. Analysts would have difficulty putting an accurate valuation on TransCo until an MMC inquiry was completed, which could be as late as summer 1997.

Ofgas wants to cut by about £300m ($462m) a year the revenues that TransCo can retain for future investment. In exchange it would guarantee TransCo higher revenues closer to the time when the investment is actually made. The watchdog proposed dropping the accounting principle of depreciation, in favour of a system which would link TransCo's prices and revenue directly to cash flow.

"There is a big divergence between us," said Ofgas yesterday. Ofgas must make a decision on the formula by June. An MMC inquiry could take six to 12 months.

Ofgas said the new formula will "fund all of TransCo's activities". But "we might not allow them to use the pipeline revenues to fund the company's other, [non-regulated] activities."

Under British Gas's demerger plan TransCo will be teamed with the exploration and production company, a high-risk venture, and its international gas operations.

Ofgas is concerned that British Gas might squander the excess cash from TransCo.

It also contends that technical advances, such as the replacement of old, cast iron pipe with long-lasting plastic pipe, reduces the company's future investment needs.

Lex, Page 30

Standard Life opposes Farnell bid

By Christopher Price, William Lewis and Norma Cohen in London

Farnell Electronics' attempts to gain shareholder approval for its £1.8bn ($2.7bn) agreed takeover of Premier Industrial Corporation of the US suffered a setback yesterday when Standard Life announced it would vote against the deal at next week's extraordinary meeting.

The UK life assurance group, which holds 2 per cent of Farnell of the UK, issued a statement detailing its opposition to the merger of the two electronic component distributors. Mr Guy Jubb, Standard Life corporate governance manager, said yesterday: "This deal is not in the best interests of Farnell shareholders. It is too high a price and we can see no financial justification for shareholders to support it."

However, Fleming Investment Management, the fund management group which speaks for about 6 per cent of Farnell, came out yesterday in favour of the merger. "We are voting for it and are very happy with it," said Mr Peter Seabrook, Fleming chief investment officer.

The public split among the institutions reflects the controversy surrounding the takeover, which would create the third largest electronic components distributor in the world.

Farnell's proposed takeover of Premier – a company 1½ times its size by market capitalisation – must gain the support of 75 per cent of shareholders voting at next Thursday's meeting.

A survey by the Financial Times last week suggested that more than 10 per cent of Farnell shareholders were likely to vote against the deal.

Given the generally low turnout at company meetings – typically under 40 per cent – the prospects for approval appear under threat.

However, Farnell management, led by Mr Howard Poulson, chief executive, has been making more than 60 presentations to shareholders in the past fortnight, pointing to the strong industrial logic of the merger, while suggesting that fears over earnings dilution have been exaggerated.

One institution, which holds just under 2 per cent and had been intending to vote against, said yesterday that it had now decided to vote in favour.

Lex, Page 24

EUROPEAN NEWS DIGEST

Philips in Fl 740m ASM share offer

Philips, the Dutch electronics group, is to raise up to Fl 740m ($450m) through the sale of a second tranche of shares in ASM Lithography, its Dutch associate company which makes "wafer steppers" used by semiconductor manufacturers to produce integrated circuits.

The sale, which follows ASM Lithography's successful initial public offering on the US Nasdaq exchange and in Amsterdam in March 1995, is expected to lead to a big extraordinary gain for Philips in its 1996 accounts.

The first tranche was largely responsible for a Fl 200m extraordinary gain reported in the first quarter of 1995. Since then, ASM Lithography's shares have surged, reflecting investor interest in technology stocks. The shares, floated at Fl 28.50, were trading yesterday above Fl 78.50.

Philips will sell 8.5m shares and offer the underwriters, led by CS First Boston, an over-allotment option of 1m additional shares. This means Philips could raise up to Fl 740m before costs. ASM Lithography will also be offering 1.5m new shares for sale. If underwriters exercise their option, Philips' stake in ASM Lithography will fall from 56.7 per cent to 26.7 per cent.

Ronald van de Krol, Amsterdam

Clariant sales decline 8%

Clariant, the Swiss chemicals group which was spun off by Sandoz last year, saw its 1995 sales decline to SFr2.15bn ($1.78bn) from SFr2.33bn a year earlier.This represents an 8 per cent decline in Swiss francs but a 3 per cent rise when adjusted for local currencies. It added that it expected increased sales in local currencies in 1996 as well as Swiss francs.

The company also predicted that operating margins and earnings would improve. Clariant pointed out that operating margins improved in 1995, despite negative currency effects and declining economic growth rates.

Textile dye sales declined to SFr643m from SFr774m a year earlier, with textile chemical sales easing to Sfr323m from SFr340m. Leather sales also dropped, to SFr211m from SFr228m in the period, with paper sales ahead to SFr299m from SFr289m.

Clariant said its textile dyes operations managed to stabilise European sales levels despite structural problems in the European market. Other markets, including the US and Asia, showed further weakness. Leather sales saw continued good business developments in Italy and China, as did the paper segment.

AFX, Basel

Schwarz Pharma confident

Schwarz Pharma, the German drugs group, expects to post a 10-15 per cent rise in sales and profits in 1996. The group said that for the first time it expected its foreign sales to outpace domestic sales. Group sales in 1995 rose 15.3 per cent to DM1.01bn ($684.3m).

Negative currency effects, however, cost the group DM34.7m in sales, the group said. The group said that its net profit for 1995 outpaced its forecast for DM71.9m, partly due to special effects.

Reuter, Mannheim

Norwegian bank ahead

Union Bank of Norway, the country's biggest savings bank, posted a 1995 after-tax result of NKr1.07bn ($165.7m) as a result of low loan losses and high capital gains.

The result beat market expectations. It corresponded to a return on equity of 20.9 per cent and meant a 52 per cent increase on the 1994 after-tax profit of NKr704m.

"The extremely low net loan losses made a strong contribution to the good result," the bank said. "Capital gains were also satisfactory."

Reuter, Oslo

Italian expansionists welcome investors' firm grip

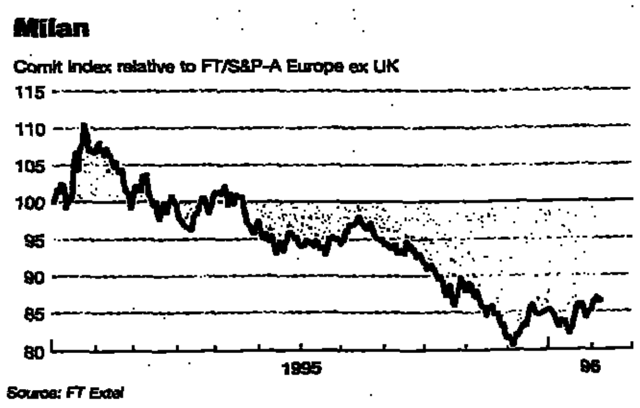
Newly quoted mid-sized companies provide clear accounts and good growth potential, says **Andrew Hill**

Something is stirring on the Milan stock exchange, one of the world's worst performing equity markets in 1995.

Despite Milan's dismal performance, last year saw a marked increase in the number of flotations, and the borsa's supporters believe the trend may continue this year, revitalising a listing long dominated by banks, insurers and financial holding companies.

The list of Italian quoted companies has remained stable at between 200 and 230 groups for the past decade, even though overall market capitalisation has tripled.

In spite of the stock exchange authorities' best efforts to modernise, expand and make the market more transparent, some of the most admired large companies in Italy – for example, Barilla, the pasta group, Ferrero, the confectionery and foods group, and Riva, the steelmaker – are still firmly in family hands. Until recently the authorities had also had only limited success in encouraging dynamic small and medium sized companies to come to the market.



Source: FT Extel

ITALY'S NEW ARRIVALS
COMPANIES QUOTED, 1995*

June
- IMA (packaging machinery)

July
- Brembo (brake systems and components)
- Stayer (electrical tools)
- Bulgari (luxury goods)

October
- Crespi (synthetic materials)

November
- La Doria (vegetable and fruit products)
- Eni (oil, gas and chemicals)

December
- Carraro (tractor and agricultural machinery components)
- Pagnossin (ceramics)

*Excludes restricted market, banks and Telecom Italia Mobile (demerged from Telecom Italia)
Source: Italian stock exchange council

But 14 new companies came to the market last year, the highest number since 1988, and others plan floats this year.

The 1995 list was led by Eni, the state-controlled oil, gas and chemicals group, floated in November in Italy's largest privatisation offer to date, and included a clutch of banks. More important, last year also saw the arrival of a number of medium-sized companies, many of them fast-growing manufacturers and exporters.

All the public offers of shares in these smaller companies were oversubscribed, with foreign institutions among the buyers, and in several cases their stock has since risen strongly in defiance of the gloomy market background. Shares in IMA, a Bologna-based manufacturer of packaging machinery, and Brembo, a maker of brake components, have outperformed the Comit index of Italian equities by more than 40 per cent since their flotation last summer.

According to Mr Andrea Ruggeri, an analyst with Goldman Sachs in London, the interest of foreign investors – notable absentees from the rest of the Italian market – is easily explained: "The Italian market lacks growth, and these companies are coming to the market with the prospect of delivering good growth."

Other analysts say foreign investors are weary of trying to understand the tangle of barely transparent holding companies which weigh on the Milan indices. Newly quoted medium-sized companies provide clear accounts and an opportunity to invest in a single sector, reviving the image of Italy's listed companies as other stocks disappear through mergers, takeovers or, less often, bankruptcy.

A range of short-term incentives for stock market quotation of medium-sized companies has encouraged the listing trend - and started a race among international investment banks to handle placings.

According to bankers, the risk is that as the end-of-1997 deadline for obtaining incentives draws nearer, lower-quality companies will be tempted into flotation for the wrong reasons, such as covering up for financial deficiencies.

Those in the recent wave of new entrants, however, were already well-prepared for the market. "In the past we had obtained growth through self-financing," says Mr Alberto Schiavi, chief executive of Giovanni Crespi, a manufacturer of synthetic materials, which launched a public offer of shares in October. "Now we have the capacity to grow in all our three industrial sectors. By going to the market we think we can use our internal potential better."

Apart from obliging medium-sized companies to present audited accounts and pay dividends to outsiders, stock market listing imposes new demands on management used to working within a more relaxed family framework.

Mr Francesco Trapani, chief executive of Bulgari, the jeweller and watchmaker which floated 30 per cent of its shares last year, says it is "third-party investors who force the company to perform".

"Because they don't have to respond to someone on results, family companies sometimes risk losing a little discipline, doing things which aren't very useful and hiding behind the excuse that they are doing things for the long term," he claims. "A balance between long-term and short-term planning – between family and financial investors – is positive for a company."


Associated Press
Going up: new stocks have easily outpaced Milan's Comit index

Indeed, there is some evidence from the past 12 months that investors look for a majority shareholder as a guarantee of stability. The principal shareholders of Stayer, a Ferrara-based manufacturer of electric tools for do-it-yourself, gardening and carpentry, believe the decision to float more than half the company last July may have been one reason for the disappointing performance of its shares.

They formed a shareholder pact in December in an attempt – as one core shareholder puts it – "to reaffirm our long-term commitment at a moment when the share price was not going too well".

Advocates of stock market flotation like to point out that a listing may help families manage transfer of control from one generation to another – a phase which is sometimes fatal to the company.

But it will still be a while before Italian families agree to loosen their grip entirely. After all, many of Italy's largest and best-known quoted companies, such as Fiat, the automotive group, or Benetton, the clothing manufacturer, are directly or indirectly controlled by their founding families.

Newcomer Brembo poised to beat flotation forecast

Brembo, a fast-growing manufacturer of brake systems and components, is typical of many of the companies which have joined the Italian stock market in the last 12 months.

It has a strong international presence – 70 per cent of annual turnover is generated outside Italy – and a recent history of collaboration with outside investors; yet the founding family remains in majority control of the group.

Based near Bergamo, in northern Italy, the company supplies brake systems for cars, motorcycles and commercial vehicles, including high-performance marques such as Ferrari, Porsche, BMW and Mercedes in cars, and Ducati and Triumph for motorcycles.

The company came to the market last year through a combined sale of existing shares – part of an investment taken in September 1993 by closed funds controlled by Barings, the UK merchant bank – and a capital increase. The family of Mr Alberto Bombassei, the chairman and son of the founder, now owns some 57 per cent.

Six months on, Mr Roberto Vavassori, Brembo's planning director, says the group is more than satisfied with the outcome of the offer and the increased attention now paid to the group by European and US investors.

The proceeds of the flotation enabled Brembo to reduce debt from 80 or 85 per cent of net equity to less than 10 per cent, and the shares now trade at around L18,000, against an offer price of L11,300.

Brembo was already used to working with outside investors. Over a decade from 1983, Kelsey-Hayes, the US group, built up a majority stake in Brembo, which was only bought back by the Bombassei family in 1993. "That was an important education for us, in reporting to outside investors," says Mr Vavassori.

The first real test of the relationship with the new investors will come later this year, when Brembo reports 1995 profits and proposes its first dividend.

Analysts believe the group could well exceed analysts' flotation forecasts of L33bn of net profit and L305bn of turnover and there is no sign yet of recession on the horizon. "1996 will still be a good growth year," claims Mr Vavassori.

Andrew Hill

Preussag lifts payout after 42% increase in net profits

By Michael Lindemann in Bonn

Net profits at Preussag, the diversified German industrial group, rose 42 per cent to DM349m ($236.2m) in the year ended September 30, up from DM245m a year earlier. However, the company said it was "too early" to make profits forecasts for this year because of uncertainty about the state of the German economy.

Preussag shares rose in early trading after the company said it would increase its dividend for the first time in four years to DM12, up from DM10.

However, some analysts said the improved net profits were below expectations and earnings forecasts for the current year were likely to be revised downwards. The shares closed at DM428.10, down DM4.20.

New orders in the first quarter ending December 31 slipped to DM6.4bn from DM6.5bn a year earlier, the first indication of possible difficulties later this year.

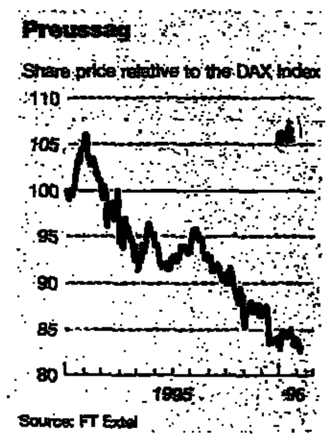
Mr Michael Frenzel, chief executive, said the Hanover-based group would press ahead with the restructuring programme begun two years ago. As part of that effort, Preussag last year pulled out of telecoms and now plans to build up "leading international positions" in its remaining core activities – steel, energy, logistics and plant and building technology.

These activities contributed almost equally to the improved profits, the company said.

The proposed DM330m purchase of Elco Looser Holding, the Swiss heating technology group, would turn Preussag into one of Europe's leading companies in this sector, with combined sales of DM1.3bn.

Referring to speculation about the steel market, Mr Frenzel said the higher steel stockpiles, which have caused the recent fall in new orders, were expected to be reduced by April and that steel sales and orders would stabilise during the rest of the year.

The steel division, which made up 14 per cent of Preussag sales last year, is expected to produce positive results this year, "even if the excellent results last year cannot be matched", Mr Frenzel said.



Source: FT Extel

While most steel companies have recently talked down fears of a steel recession, Mr Michael Hagmann, an analyst at UBS in Frankfurt, warned that the current year would be "pretty difficult" for German steelmakers, following a poor set of new orders in the first quarter.

Unidanmark registers strong growth

By Hilary Barnes in Copenhagen

Unidanmark, Denmark's second largest banking group, recorded a sharp increase in net profits from DKr520m in 1994 to DKr2.1bn ($367.3m) last year. Earnings per share rose to DKr39 from DKr10 and the board is proposing to raise the dividend from DKr4 to DKr10 per share.

A DKr1.15bn increase in the value of the bond and share portfolio, reflecting the state of the Copenhagen market, was a main factor in improving the bank's performance. In 1994 the same item showed a loss of DKr897m.

Other net financial income fell from DKr9.79bn to DKr9.12bn because of weak demand for credit, falling rates of interest, and a narrowing of margins under the pressure of competition.

The bank cut costs by DKr123m to DKr5.61bn, partly through cutting full-time jobs by 400 to 10,508. A further 400 jobs will be shed in 1996, the bank said.

Loss provisions, which peaked at DKr6.28bn in 1992 and nearly brought the bank to its knees, were cut from DKr1.62bn to DKr1.24bn, which was under 1 per cent of the group's DKr132bn advances.

The group announced it was forming an accident insurance company with the domestic company Ostifterne. From this summer Unidanmark plans to sell home, family and car insurance policies through bank branches.

It is also setting up a branch in Stockholm next summer which will concentrate on investment banking and foreign exchange business.

The decision follows similar moves by the big Nordic banks which have or are planning to set up in each other's capitals.

The group's mortgage-credit company, which was established in 1994, increased advances by DKr13[illegible] to DKr22bn and net profits from DKr16m to DKr42m.

It was cautious about the coming year, predicting a decline in net financial income because of pressure from competition.

Group total assets increased from DKr244bn to DKr255bn while the year-end capital adequacy ratio was 12.4 per cent and the core capital ratio 10.0 per cent.

INTERNATIONAL COMPANIES AND FINANCE

EUROPEAN NEWS DIGEST

Fokker to receive no more state aid

The Dutch government said yesterday it would not provide further bridging finance to Fokker, the Dutch aircraft maker which is desperately searching for an international partner, when the current arrangement comes to an end later this month.

"There is no intention to have a second bridging loan," Mr Hans Wijers, economic affairs minister, told Dutch television. In late January the government extended financing of Fl 365m ($220m) to keep Fokker aloft for five weeks while it tries to find another aviation company interested in taking over all or parts of the near-bankrupt group.

Fokker's future was thrown into doubt after its controlling shareholder, Daimler-Benz Aerospace of Germany, halted financial aid to the company. *Ronald van de Krol, Amsterdam*

Endesa meets forecasts

Endesa, the dominant Spanish electricity generator which is 66 per cent government-owned and listed on the Madrid market, lifted its consolidated net profits in 1995 by 12.9 per cent to Pta132.7bn ($1.07bn), in line with forecasts. The increase was due mainly to a 3.9 per cent rise in electricity demand.

Profits were boosted by tight cost controls, reduced borrowing and additional generating capacity, which raised production by 6.3 per cent and increased sales by 7.4 per cent. Including its subsidiaries Sevillana de Electricidad and Fecsa, the Endesa group accounts for 54 per cent of domestic electricity production and 44 per cent of electricity sales.

Near-drought conditions last year prompted a switch from hydroelectric power to coal-fired generators where production increased by nearly 7 per cent. This is certain to be corrected in 1996 following heavy rainfall in the past two months.

During 1995 Endesa maintained an acquisitive policy in Latin America, where it gained majority control of Edenor, the main electricity distributor in greater Buenos Aires and bought a controlling stake in a Peruvian company that is set to expand a gas-fired generator near Lima. *Tom Burns, Madrid*

Pharmaceuticals lift Haniel

Haniel, the 240-year-old family-owned group which controls Gehe, the acquisitive pharmaceutical wholesaler, yesterday reported net profits of DM275m ($186.15m), up 14 per cent on the previous year. It said it expected a further "significant" improvement this year. The bulk of the profits came from the pharmaceuticals business, the largest division with about 78 per cent of sales, but its construction units, which are active in central European markets, also contributed to the improved results. The group's steel recycling business also developed "very successfully" the company said in its preliminary figures. The final results are expected on June 18.

However, for the first time the company reported a loss on its shipping and haulage activities, a setback which it blamed on new European Union guidelines which had pushed prices down dramatically. *Michael Lindemann, Bonn*

Upbeat Ericsson lifts full-year profits 36%

By Hugh Carnegy in Stockholm

Ericsson, the Swedish telecoms equipment supplier, yesterday brushed aside recent investor worries about mobile telephone markets. It reported a 36 per cent jump in profits in 1995 and reaffirmed its confidence that rapid global growth in demand for mobiles would continue despite a weaker trend in the fourth quarter of last year.

Pre-tax profits up from SKr5.6bn in 1994 to SKr7.6bn ($1.08bn) this time were slightly below market expectations, prompting Ericsson's most-traded B shares to slip SKr3.00 in Stockholm to close at SKr142.5. But the company's insistent optimism appeared to swing sentiment in New York, where Ericsson stock later rose sharply, trading by early afternoon at $21¼, after opening at $20⅞.

Ericsson, the world's leading supplier of mobile systems infrastructure, acknowledged that growth in sales and order bookings in the fourth quarter had slowed from the rates of late 1994 and were below the levels seen over the year as a whole. But fourth-quarter profits were 32 per cent ahead of the same period a year earlier, rising from SKr2.12bn to SKr2.8bn – in contrast with a 16 per cent fall in earnings in the same quarter by Motorola, one of Ericsson's chief competitors.

Shares in the two companies and Nokia, the Finnish group, fell heavily in the final months of 1995 and early weeks of this year after signs emerged of slowing growth in mobile sales in the US, the world's biggest single market, and increasing downward pressure on prices.

But Mr Lars Ramqvist, Ericsson chief executive, said he did not believe developments in late 1994 foreshadowed any significant change in the trend of rapid mobile telephone expansion. The number of subscribers worldwide grew 61 per cent in 1995 to 85.3m and Ericsson predicted the total would rise to 350m in 2000.

"If you look worldwide you see that the market is still growing a lot. I don't see any reason to change our forecasts," Mr Ramqvist said.

He said competition was becoming "much tougher", resulting in lower prices. But Ericsson would sustain profitability by increased volume growth and a tough rationalisation programme under way to trim its troubled fixed telephony division.

Ericsson also expects to benefit from its strength in mobile infrastructure and in digital systems, shielding it from the more volatile handset market and the recent slowdown in the US, which is dominated by older analogue systems.

Group sales in 1995 rose 20 per cent from SKr82.5bn to SKr98.8bn. The radio division, which houses mobile equipment, saw sales rise from SKr40.9bn to SKr56.4bn, the first time it has accounted for more than half of group sales.

Order bookings for mobile infrastructure and handsets grew by 64 per cent calculated in Swedish krona. But Mr Ramqvist said the figure was 78 per cent when calculated in US dollars, because of the strong krona last year.

Earnings per share rose from SKr4.47 to SKr6.00. The dividend is SKr1.75 a share, up from SKr1.38 last year.

Lars Ramqvist: growth in volume will sustain profits

Lex, Page 24

GAN values CIC at FFr13.5bn and predicts break-even

By Andrew Jack in Paris

CIC, the banking group likely to seek outside investors in the coming months, has a current value of FFr13.5bn ($2.66bn), the chairman of its parent company said yesterday.

Mr Jean-Jacques Bonnaud, chairman of GAN, the state-owned French insurer which owns CIC, gave the figure for the current net asset value of the bank in an interview in the Tribune newspaper.

His comments came after the French government this week announced the appointment of SBC Warburg, the investment bank, as its adviser for the sale process.

The nomination of the adviser reflects the state's determination to speed up a recapitalisation of CIC before an eventual privatisation of GAN, which could take place as early as this year.

Mr Marc Viénot, chairman of Société Générale, is among the private sector bankers who have already expressed interest in making an investment in CIC.

Mr Bonnaud said last year – in a change of his previously expressed opinion – that he accepted the idea of an outsider investor taking majority control of CIC, although he would prefer it to also become a core shareholder in GAN's eventual sale.

He stressed that he wanted to find a partner who would help GAN progress with its bancassurance strategy, selling its insurance products through CIC's retail banking network.

A number of analysts have expressed concerns about the level of provisioning still required against GAN's assets.

However, Mr Bonnaud said yesterday he remained confident that the group could return to break-even in the current year.

In December, he announced additional asset sales of FFr7bn-FFr9bn as part of a restructuring effort to help prepare the group for its privatisation. A sale is unlikely at least until next year.

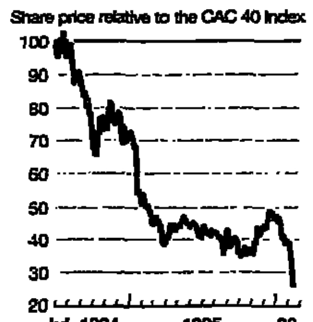
UIC, which held the property assets of CIC but which is now directly owned by GAN, warned this week of substantial losses, which are likely to push the group's results for 1995 into a loss of more than FFr1bn.

The figure represents substantial further downgrading on future estimates of the returns likely to be realised from its investments, notably in its property portfolio.

In the first half of last year, GAN reported losses of FFr387m after more than FFr1bn in additional property provisions. GAN has called for a recapitalisation by the French government of between FFr2bn and FFr3bn in the run-up to its privatisation.

GAN

Share price relative to the CAC 40 Index



Source: FT Extel

Gaz de France ahead and vows to tackle debt

By Gillian Tett in Paris

Gaz de France, the state owned gas company, yesterday announced a 40 per cent increase in 1995 net profit, to FFr1.9bn ($374m) from FFr1.35bn a year earlier, after tax and state payments.

However, the group acknowledged that its level of debt, at FFr14.7bn, was still too high, and pledged to make its reduction a priority this year. Meanwhile, Mr Pierre Gadonneix, the recently-appointed president of Gaz de France, denied there were any concrete plans to open the group up to outside investors.

Speculation has grown that the group might be opened to domestic or foreign investors as part of the French government's broader attempt to privatise and deregulate part of its state industries.

However, Mr Gadonneix insisted that any decision would be taken by the state, rather than the company, and insisted that the group could flourish under state control.

"In my opinion, bringing in outside investors should be the successful conclusion of a broader industrial project, rather than simply an end in itself," he said. "I think that a public service can be provided as well by a company where the capital is open to investors as a state-owned group."

Group turnover in 1995 was FFr49.3bn, an increase of 4.5 per cent on the previous year, Mr Gadonneix said. Cold weather and the activities of the marketing department had boosted the results.

The group said one goal this year was to improve its service to the public, and pointed out it had lowered the cost of its gas by 1.5 per cent at the beginning of 1995, with a further cut of 1 per cent in March.

Another goal was to develop the international side of the operations of Gaz de France, which depends on imports for most of the gas it supplies to French customers.

In 1995 the group took over two of Hungary's five regional gas companies – allowing it access to 22 per cent of the Hungarian market – and signed an agreement with Norway to import Norwegian gas from the North Sea. Mr Gadonneix indicated the company would seek further overseas projects this year.

Plastics price falls hit Solvay earnings

By Jenny Luesby

Solvay, the Belgian chemical company, yesterday revealed net profits of BFr12.4bn ($408.2m) for the year to the end of December, but the figures reflected a sharp slowdown in the second half of last year. Profits at the end of June were BFr8.32bn.

Analysts, who had already adjusted their expectations after plastics prices almost halved last year, yesterday described the results as "very disappointing".

Plastics accounted for more than half of Solvay's operating profits in the first half, but many analysts had still hoped for net profits of BFr16bn, and some estimates ran as high as BFr18bn.

However, European users of plastics, "warned by price increases in 1994 and in the first half of 1995", had anticipated their plastics needs for the second half and bought ahead, said Solvay. "In the second half of the year a sudden destocking curbed demand and heavily affected prices."

The three main plastics produced by Solvay – PVC, polyethylene and polypropylene – were all severely affected.

Nonetheless, the price peaks in early 1995 saw net profits for the year rise by 56 per cent, on sales up 3.7 per cent, at BFr273bn.

Excluding exceptionals, which were negligible last year, but added BFr1bn the previous year, net profits were up 79 per cent, lifting earnings per share from BFr800 to BFr1,455.

Growth such as this, and the hope of high dividends, has been driving European chemical stocks upwards recently, despite the downturn in the industry, according to Mr Tony Cox, chemicals analyst at Kleinwort Benson.

"We believe most non-integrated plastics companies, such as Solvay, EVC, DSM and BASF, were losing money during December and January, but thumping great dividends are taking their yields to a level which compares well with German long-bonds. Basically, these shares are trading like bond proxies."

Another analyst said the scale of the downturn reported by Solvay, had "confirmed that December was a terrible month for chemicals across the board: this is not just a downturn in plastics".

AMERICAS NEWS DIGEST

AT&T seeks 30% of local phone market

AT&T, the US long-distance phone company, said it expected to capture up to 30 per cent of the $90bn US local phone market, following President Clinton's signing yesterday of the bill liberalising telecommunications. The company said it would inevitably lose share in long distance.

AT&T said it would set up seven regional presidents, corresponding in number to the local phone companies or "Baby Bells", to market a full range of phone services locally. It said it would take initial steps to set up local services in all 50 states by the start of next month, and would be in some local markets by late summer.

AT&T said it would begin by striking deals with the Baby Bells to re-sell their local services, and might also use cable and fixed wireless technology. It had also signed deals with 20 so-called competitive-access providers – companies which compete with the Baby Bells in serving local business customers – to supply connections in 55 cities.

Separately, Nynex and Bell Atlantic, two Baby Bells, refused comment on reports that they were backing away from a rumoured merger. The reports said the two companies were instead discussing a joint venture to enter the long-distance market.

Bell Atlantic said it had been in talks with a range of companies, including local, long-distance and cable operators, for the past three years. Nynex's shares, which had risen sharply on hopes of a merger, fell 5 per cent to $56⅛, while Bell Atlantic's fell 1 per cent to $71⅞.

Tony Jackson, New York

Apple 'not in merger talks'

Apple Computer is not in merger talks, the company said yesterday, ending weeks of speculation about a Sun Microsystems offer to acquire the struggling personal computer industry pioneer.

Apple also warned that operating losses in the current quarter would exceed the $69m operating loss recorded for the first fiscal quarter, which ended in December. The company plans charges for restructuring and excess inventory write off in the current quarter.

It broke a "long-standing policy not to comment on rumour and speculation" because the reports have had a destabilising effect on the company's business. *Louise Kehoe, San Francisco*

Results lift Colgate shares

Better-than-expected fourth-quarter earnings from Colgate-Palmolive pushed the shares higher yesterday morning, up $2⅛ to $75⅛. The US consumer goods group increased worldwide sales volume by 9 per cent in 1995, with sales rising 11 per cent to $8.4bn. Fourth-quarter volume rose by 8 per cent, helped by higher advertising spending.

Net income in the fourth quarter fell from $137m to $123m, or from 91 to 80 cents a share. The market had expected 79 cents a share. For the year, net income was down from $580m to $172m, after a one-off restructuring charge of $369m after tax. Earnings per share were down from $3.82 to $1.04.

Earnings were affected by the economic problems in Mexico, the impact of stock liquidation at Hill's Pet Nutrition and the dilutive effect of the acquisition in January last year of Kolynos Oral Care in Latin America. *Maggie Urry, New York*

MacMillan Bloedel ahead

MacMillan Bloedel, the Vancouver-based forest-products group, combined news of a 55 per cent jump in 1995 earnings with a warning that weak demand and high inventories for building products and packaging materials could dampen its performance in the first half of this year.

But it expects a "major profit improvement" in 1996 from its paper business, hit last year by labour disruptions, disappointing mill performance and higher wood costs.

Earnings rose to C$279m, or C$2.08 a share, from C$180m, or C$1.36, in 1994. Sales climbed to C$5.25bn from C$4.42bn.

Softening markets were evident in the fourth quarter. Although earnings of C$67m were C$7m higher than the same period a year earlier. *Bernard Simon, Toronto*

Houghton to step down as chairman of Corning

By Tony Jackson in New York

Mr James Houghton, chairman of the US industrial group Corning and great-grandson of the founder, is to take early retirement.

Mr Houghton, 59, will be replaced as chairman and chief executive by Mr Roger Ackerman, chief operating officer.

The change comes at a difficult time for Corning, which has warned of lower profits in the first half of this year. Two of the company's businesses, laboratory services and consumer glassware, are performing poorly, and may be sold.

Mr Houghton, who was knocked down by a car and badly injured in 1993, denied yesterday that his health was an issue.

"If it were, I'd have resigned long ago," he said. "I was discussing this with Roger [Ackerman] well before the accident. I believe in long-term planning."

For Corning to be run by a non-family member is not without precedent. Mr Houghton's father, Amory, handed the company over to an outsider for the period 1961-64 while serving as US ambassador to France.

Mr Houghton, who has a 33-year old son and 25-year old nephew working for the company, left the door open to a resumption of family control. "They're very young, and I'm hopeful that they'll come along, prove themselves and earn a seat at the top of the company," he said. "This is not the end of a dynasty."

The Houghton family controls some 10 per cent of Corning's equity, with a further 10 per cent in friendly hands. Mr Houghton said he would continue to live in the town of Corning, in upstate New York, where the company is the dominant employer.

Mr Houghton said no decision had been reached on what to do with the laboratory division, which is the biggest blood-testing business in the US. It is understood that talks are being held with SmithKline Beecham, which has a rival US operation.

Mr Houghton would not comment on the talks. "It's 25 per cent of the business, and we've had a very good run with it," he said. "I'm hopeful we'll decide to keep it."

He also expressed the hope that Corning would keep its consumer glassware and tableware division, which suffered a drop in volume last year as a result of poor trading at big retail customers such as Wal-Mart and Kmart.

A decision on both businesses is due this year.

Corimon details plan for recovery

By Raymond Colitt in Caracas

Corimon, the Venezuelan paints and coatings group, has unveiled a plan to improve its financial situation and regain creditor confidence. The plan will be presented to creditor banks today.

The plan includes a $60m increase in capital, a new credit line worth Bs6bn ($20.69m), and the spin off of foreign subsidiaries such as Standard Brand Paints, bought last May. The company also intends to negotiate with commercial creditors to guarantee delivery of supplies and reschedule some Bs3bn in arrears.

Corimon's problems surfaced in January when its shares were suspended after warnings of "cash-flow problems". It failed to make a $725,000 interest payment to holders of eurobonds on January 15. Standard Brands Paint, the US company in which Corimon took a majority stake in May, filed for Chapter 11 bankruptcy last December.

Corimon Group's overall debt is about $176m, but excluding foreign subsidiaries, for which it holds no legal liability, its debt totals $91m plus Bs18.7m.

Of the $91m, some $56m corresponds to institutional lenders, while $35m has been raised on capital markets. Some $28.65m of eurobonds with a 10¼ 8 per cent coupon mature in October of this year. Further interest payments are due in April and July.

Corimon has expanded rapidly in recent years, buying into financially troubled paint companies in North and South America, but has been hit by economic recession in Venezuela and abroad. "The problem is that the expansion was financed with short-term debt rather than equity," says Mrs Diana Espino, vice-president of finance.

The company hopes to reschedule almost its entire debt, the majority of which comes due in the next two years. It is still unclear whether capital will be raised through a debt-for-equity swap with creditor banks, or whether Corimon will issue new shares.

One financial consultant close to the negotiations said: "The most immediate concern is to keep the company alive and running." In order to do that, he said, the company had to come to an agreement with its suppliers.

To boost working capital, Corimon is also seeking a Bs6bn loan from its creditors. The company faces cash flow problems as February and March are slow months for paint sales in Venezuela, though a "stand-still" agreement with the majority of creditors has relieved Corimon of capital and interest payments through March 8.

Corimon also proposes to spin off its foreign subsidiaries, including a 52.2 per cent share in Argentina's Colorin and a 52 per cent stake in Standard Brands. However, these sales are unlikely to fetch large amounts.

Before assessing Corimon's plan, the steering committee of the creditor banks, led by Venezuela's Banco Provincial, is to consider an independent appraisal of Corimon's financial situation from Price Waterhouse. The report is due before March 8.

At least three creditors, including Spain's Santander Investment Bank, filed law suits against Corimon before a court in Caracas for $7.13m over a guarantee the Venezuelan company provided to its subsidiary, Colorin.

Last May Corimon received two satisfactory credit ratings from Venezuelan firms before issuing debt papers on the local market. It was also the first Venezuelan company to have ADRs listed in New York.

Chrysler/Kerkorian rift set to widen

By Richard Waters in New York

An escalation in the hostilities between Chrysler and one of its biggest shareholders, Mr Kirk Kerkorian, appeared more likely yesterday after the US carmaker rebuffed the billionaire investor's call for representation on its board.

Chrysler said late on Wednesday that it had appointed Mr John Neff, one of the most renowned mutual fund managers in the US, to the vacant board seat that Mr Kerkorian's company, Tracinda, had coveted.

Mr Jerome York, the former Chrysler finance executive who in recent months has fronted Mr Kerkorian's campaign, had suggested that Tracinda would wage a proxy battle if it was denied a board seat. That would involve seeking the support of other investors for a shareholder vote on the issue at Chrysler's annual meeting, due in May.

With the appointment of Mr Neff, though, Chrysler appeared yesterday to have dented Tracinda's prospects of winning sizeable support from other shareholders.

Mr Neff, who until the end of last year spent 30 years managing the Windsor Fund, one of the biggest US stock mutual funds, has a reputation as an outspoken, activist investor. His presence on the board is likely to appease other shareholders, many of whom have welcomed the dividend increases and share repurchases Chrysler has mounted since coming under pressure from Mr Kerkorian.

The appointment also signals the growing influence of the mutual fund industry in US boardrooms, reflecting the rapid growth of US mutual funds, which now control $1,300bn of equities.

Mr Neff is expected to act as an important link in Chrysler's relations with Fidelity, the large mutual fund group which overtook Tracinda last year as the company's biggest shareholder.

By the mid-1980s, Mr Neff had turned the Windsor Fund into the biggest stock fund in the US – a distinction that has since passed to Fidelity's Magellan fund, whose Chrysler stake is now its biggest single equity holding.

Mr Bob Eaton, Chrysler's chairman, described Mr Neff's reputation in investment circles as "legendary", and intimated that the new director would would play the part of shareholders' friend better than Mr York.

"John Neff has a long history of advocating actions to improve shareholder value," Mr Eaton said. "He will bring valuable knowledge, insight and experience on investor interests and views to board deliberations."

Chrysler's board was meeting yesterday morning to agree a response to a list of demands made by Tracinda three months ago. Besides seeking a board seat, Tracinda had called on Chrysler to raise the share-holding level at which its anti-takeover defences are triggered from the current 15 per cent. Also, it asked the company to pass a bye-law to prevent it paying "greenmail" to buy off corporate raiders, and called for a cash review.

Sadiola – Nathanson's luckiest strike

By Kenneth Gooding, Mining Correspondent

For 19 years Mr Mark Nathanson attempted to trace the source of the gold that centuries ago was transported from Africa to Europe and Egypt.

His researches took him to museums in Spain to study ancient maps and many times to talk with tribesmen in Mali, the West African republic that he became sure was the source of much of the precious metal.

He was intrigued to find that a tiny and remote village, Sadiola, 75km from the provincial capital Kayes and today with no more than 50 inhabitants, featured on many of the maps of Mali as if it once was an important centre.

During one visit to Sadiola he learned of an area close by where it was forbidden for the villagers to go – many years before, several hundred had been buried by falling ground, he was told. Obviously they had been mining, probably for gold.

After using all his persuasion, and the sacrifice of a cow, Mr Nathanson was permitted to go to this forbidden area. Today it is the site of the Sadiola Hill gold project, destined next year to become one of the world's biggest and lowest-cost gold mines.

What started as a hobby for Mr Nathanson became a business in the early 1980s when he was awarded the first licence to trade gold from Mali. He hoped the people who brought him the gold would give clues about where they had found it.

Following his identification of the potential riches at Sadiola Hill, he teamed up with Mr William Pugliese and formed Iamgold. They intend to float Iamgold on the Toronto stock market on terms that give it a value of at least C$345m (US$252m) and Mr Nathanson's stake about C$100m.

Sadiola Hill, with reserves of 4.3m ounces of gold, is the key asset in Iamgold's portfolio. Anglo American Corporation of South Africa, the world's biggest gold producer, has been brought in as a partner and US$333m is being spent for an open-pit mine that will produce 386,000 troy ounces of gold annually at a cash cost of only $138 an ounce. This will make put it among the top 25 gold mines in the world and in the lowest 10 per cent for cost of production.

Iamgold and Anglo each own 38 per cent of the project, the Mali government has 18 per cent and the International Finance Corporation, the World Bank offshoot, 6 per cent. Some $160m of finance has been obtained from a consortium of leading agencies led by the IFC.

Iamgold has also gone into partnership with Ashanti Goldfields of Ghana for exploration in most of West Africa. Already their joint venture is involved in 11 projects in four countries and is budgeting to spend US$38.7m in the next two years.

In preparation for the flotation, Iamgold has strengthened its board. Newcomers include Mr Todd Bruce, formerly with Anglo American Platinum Corporation, as president and chief operating officer.

Investors are to be offered 10m shares in Iamgold (including 3m from Mr Nathanson and Mr Pugliese) at prices between C$5 and C$6.50 each. Co-managers of the issue are Deutsche Morgan Grenfell Canada; First Marathon Securities; Bunting Warburg and Eagle & Partners.

Cash surfeit problem for Mexican miner

Recession-hit Mexico has not produced many corporate success stories of late. An exception has been Industrias Peñoles, a mining company whose shares have doubled in value (in dollar terms) over the past 12 months, whose exports and mining output are booming, and whose cash reserves are greater than its total debt.

Peñoles, with a market capitalisation of $1.9bn, has two core businesses: it refines zinc, lead and precious metals from its own mines, including Fresnillo, the largest underground silver mine in the world, and it refines the metal ores for third parties on contract.

The company sailed through last year's financial turmoil because almost all of its sales – $704m in 1994 – and refining tolls are priced in dollars, and because its conservatively-managed debt did not become a burden when financial costs in Mexico sky-rocketted last year.

So while many large Mexican corporations are still struggling to refinance their dollar and peso liabilities, Peñoles is sitting comfortably on $390m of low-cost, gold-backed credits, which do not have to be repaid until 2001.

If Peñoles has a problem, it is the envious one of how best to use its $380m in cash reserves.

"We are still trying to decide what to do with so much cash," says Mr Emilio Fandiño, budget director. "We have two mining projects which are scheduled to go on stream in 1997, both in partnership with Newmont Gold, which require investments close to $70m."

The new mines will add 200,000 troy ounces of gold to Peñoles's current production of 350,000 troy ounces. It will also increase the proportion of refining that comes from the company's own mines, which Mr Fandiño says is more profitable than toll refining.

But because expansion through the exploration and development of new mines is painstakingly slow, Peñoles is looking for investment opportunities abroad.

Peñoles bid for Peru's Centromin, a large state-owned metals conglomerate offered for sale in 1994, but the Peruvian government was unhappy with the offers it received and cancelled the privatisation exercise.

"The Peruvian government tried to sell Centromin whole, with its outdated refineries, its environmental liabilities, even the football team," Mr Fandiño says. "We understand Peru may now be trying to unbundle the conglomerate into more saleable chunks. We don't know whether we will take part in the bidding process again. It will depend on what's on offer."

Meanwhile, Peñoles has opened exploration offices in Peru and Argentina. "We are directing our energies to Latin America," Mr Fandiño says. "That is where the internationalisation of Peñoles will begin."

Although the company has yet to announce its year-end results, Mr Fandiño said he expected total sales in 1995 to have reached $800m, compared with 1994's $704m. Its gross operating margin would also be close to 41 per cent, a 10-point increase over 1994 and the best result in nine years.

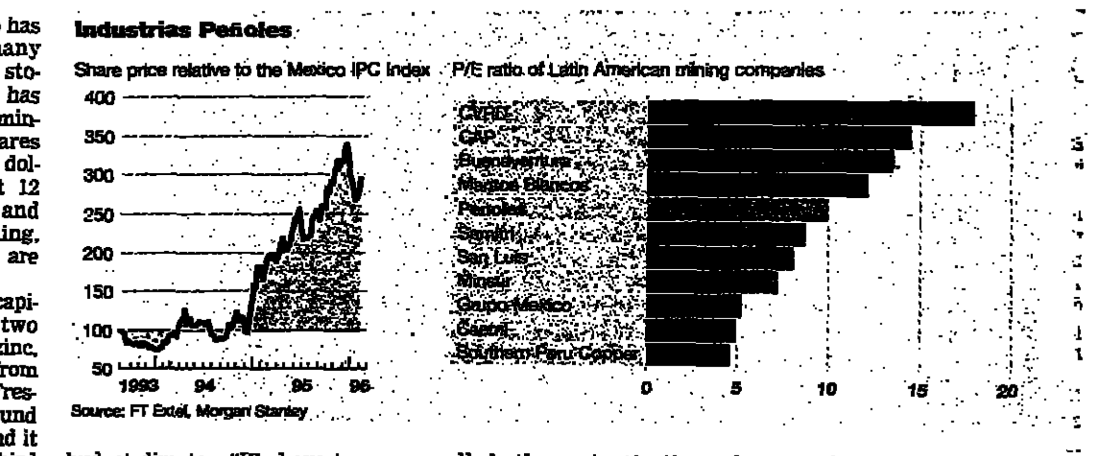
Mr Fandiño concedes last year's financial performance will be difficult to repeat in 1996, bolstered as it was by the gains from the rapid depreciation of the peso.

This year, Peñoles faces tough wage negotiations, in which labour unions are expected to demand compensation for the collapse in real incomes last year.

But with the company's refineries operating at full capacity, gold output on the rise, and international prices buoyant, Mr Fandiño says he is looking forward to another excellent year.

Leslie Crawford

Industrias Peñoles



Source: FT Extel, Morgan Stanley

Samsung Electronics sees continued earnings rise

By John Burton in Seoul and Reuter

Samsung Electronics, the world's largest producer of computer memory chips, yesterday said it hoped to achieve a pre-tax profit of Won3,200bn ($4.09bn)in 1996 after it reported provisional net earnings of Won2,500bn for 1995.

The forecast was made by Mr Kim Kwang-ho, vice-chairman and chief executive officer, before institutional investors in Seoul. The company's share price has been under pressure in recent weeks because of concerns that global demand for semiconductors is easing.

South Korea's largest electronics company is also considering a bonus issue and increasing its dividend.

Samsung's net profits soared last year from Won945bn in 1994 because of strong semiconductor exports and higher prices resulting from a global production shortage of memory chips. Sales jumped by 41 per cent to Won16,200bn.

But the US securities firm Merrill Lynch, among others, has recently warned that semiconductor consumption growth is slowing while supply growth is accelerating.

Mr Kim refuted suggestions that the semiconductor industry is headed for a supply glut and intense price-cutting. He said that the world market would continue to grow at an average of 17 per cent a year and reach $330bn by 2001.

He said that the company had contracts worth $65bn with 10 computer companies over the next few years, but refused to name the companies or give further details.

Although a drop in global chip prices is inevitable, Samsung's increased emphasis on higher-value non-memory chips and productivity gains would enable it to maintain an pre-tax income of 12 per cent on total sales, added Mr Kim.

He predicted that Samsung's pre-tax earnings would increase from Won3,000bn in 1995 to Won5,400bn in 2001, while sales would climb to Won45,000bn.

Analysts in Seoul believe that Samsung can still maintain strong profitability.

Although prices are expected to weaken for 4-megabyte dynamic random access memory (D-Ram) chips, Samsung's mainstay product, the company is increasing production of 16-megabyte D-Ram chips that carry higher profit margins.

In addition to being the global leader in 16-megabyte memory chips, Samsung has a strong competitive position in synchronous D-Rams (S-Drams) that process data faster than normal D-Rams.

Samsung is also planning to reduce its dependence on the semiconductor business, which now accounts for half of its total sales and an estimated 90 per cent of its earnings.

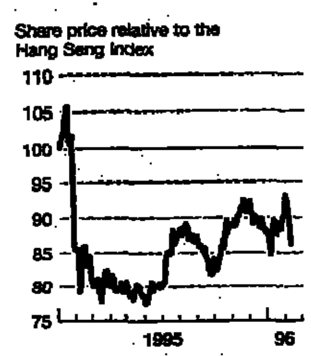
Mr Kim said Samsung would boost investment in multimedia and information systems, such as computers, to broaden operations, which now include consumer electronics. Investment spending will reach Won28,000bn over the next five years.

Bank of East Asia profits meet expectations

By Louise Lucas in Hong Kong

Bank of East Asia

Share price relative to the Hang Seng Index



Source: FT Extel

The Bank of East Asia, Hong Kong's third biggest listed bank, yesterday reported a 6.4 per cent rise in net profits from HK$1.54bn in 1994 to HK$1.64bn (US$212m) last year, comfortably meeting market expectations.

Stripping out exceptional items, profits at the operating level were up 25.9 per cent, from HK$1.42bn to HK$1.79bn last year.

The increase reflected strong growth in loans and – tougher banking conditions notwithstanding – improved spreads.

Profit-taking prior to the announcement shaved HK$1 off Bank of East Asia's share price, which closed at HK$30.70.

In line with Hong Kong regulators' call to increase transparency, the bank revealed the balance of its inner reserves for the first time.

As at January 1 of this year the balance stood at HK$801m, but Mr David Li, deputy chairman and chief executive, said a property revaluation would add a surplus (above the existing book value) of more than HK$3bn on "conservative" estimates.

In spite of the phased deregulation of interest rates, which has triggered a migration of funds from low-interest deposits to time deposits, thus increasing the banks' funding costs, Bank of East Asia saw net income expand 26.5 per cent, from HK$1.88bn to HK$2.38bn.

Mr Li said that although this would remain the main source of bank earnings this year, the colony's banks would rely more on non-interest income activities.

Mr Li unveiled an aggressive expansion strategy, mainly targeted at China – which now accounts for 10 per cent of the bank's loan book – but spanning as far afield as North America and the UK.

Mr Philip Niem, head of Hong Kong research at James Capel Asia, said: "They are obviously in expansion mode – growing loans at 19 per cent and deposits at 15.5 per cent, beating the market average. They are lending more to China, where margins are higher, and bad debts are down."

Earnings per share increased 4.5 per cent over the year, from $1.76 to $1.84, adjusted for last year's bonus issue.

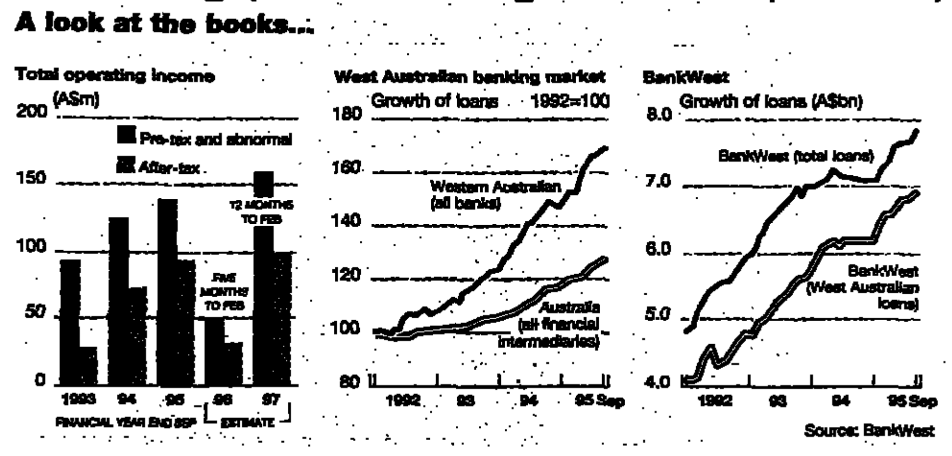
In keeping with its record over the past 10 years, the bank marked its annual announcement with a five-for-one bonus share issue.

In addition shareholders are to receive a final dividend of 55 cents per share, down from last year's 62.5 cents.

Scottish expertise to lead BankWest expansion

Bank of Scotland will come under close scrutiny as it bridges a 9,000-mile gap to take charge of its new purchase, writes Nikki Tait

A look at the books...



Source: BankWest

There were broad smiles among watching executives when BankWest, the Perth-based regional bank now 51 per cent-owned by Bank of Scotland, listed on the Australian Stock Exchange last week.

As the shares surged to a 22 per cent premium to the offer price, memories of a ragged share allocation process – beset by heavy oversubscription and mishandled applications – began to recede.

The A$1.1bn (US$830m) price-tag placed on the bank also appeared to vindicate Bank of Scotland's decision to buy the business for A$900m from the Western Australian state government late last year. That deal – which always anticipated that 49 per cent of the equity would be sold back to the general public – was greeted with scepticism by some UK analysts.

But now that the flotation process is over, the spotlight turns on how BankWest's new owners propose to manage their newly-acquired asset – a task hardly facilitated by the 9,000-mile gap between Perth and Edinburgh and an eight-hour time difference.

At the managerial level, there are signs that the Scots have already begun to make a discrete mark. BankWest's retiring general manager for risk and credit has been replaced by Mr John Michie, a senior Bank of Scotland executive. According to Mr Warwick Kent, BankWest managing director, the Scots will also fill a handful of other top vacancies. These include the head of audit, the head of financial markets and a senior position within information technology.

Four Bank of Scotland executives, meanwhile, will sit on BankWest's expanded 12-strong board, and Mr Fraser Campbell, who previously ran Bank of Scotland's international division from Edinburgh, has relocated to Perth to head up the Australasian business.

Operationally, both Mr Kent and Mr Campbell agree that the main short-term focus will be on using Bank of Scotland's expertise in direct banking to help BankWest move interstate.

"I think the gain for us [from the Bank of Scotland purchase] is the more immediate access to systems and technology. Things which we might have discovered for ourselves in time become much more immediately accessible," says Mr Kent, adding that a BankWest taskforce will head off to Edinburgh later this month.

Expansion within Australia is important to BankWest. It commands a leading 24.1 per cent share of the Western Australian lending market, as well as 23.7 per cent of the state's deposits. But Western Australia is likely to become a tough battleground as new non-bank institutions – like the big insurers – muscle into the banks' traditional territory, and some of the large east coast institutions look for new lending opportunities out west. Already, BankWest's main local rival – Challenge Bank – has been snapped up by the larger Westpac.

Mr Kent also makes the point that if BankWest wants to push down its costs, non-branch banking is probably the best hope. "I think part of Bank of Scotland's achievement in terms of their lower cost ratio is that much of their product is delivered outside the branch network," he says.

Executives from both institutions point to the similarities between BankWest, heavily focused on one state, and Bank of Scotland which, until recently, drew the bulk of its business from Scotland. Now, on the back of targeted, non-branch expansion, that figure is less than one-half.

But whether this exercise can be replicated in the Australian context, even with the UK institution's help, remains unclear. After all, Australia's aggressive national banks have been eying up direct banking opportunities themselves, and technology has also moved on.

Mr Campbell acknowledges the problem. "The sort of opportunities we are seeing in the eastern states have been spotted by the big players there. And it's already becoming evident that they are putting much greater emphasis on targeting the WA base where they are less strong and are in less danger of corrupting their basic business.

"Systems, knowledge and techniques have all improved, so I suspect the battle for the Australian market is going to be more severe – or certainly more sophisticated – than it ever was in England."

A second domestic growth opportunity for BankWest may lie in a broadening of its portfolio. At present, housing loans account for 53 per cent of this, and business loans 40 per cent – with more than 80 per cent of the latter being for sums of under A$20m.

Western Australia, however, is currently facing a surge in resources investment. This is being spurred partly by the gold and nickel sectors, but also by the likely expansion of the state's offshore oil and gas industry and by developments in the Pilbara region, where the big iron ore producers are toying with downstream processing.

Predictions for the investment sums involved vary, but even the most cautious analysts talk of A$8bn to A$10bn of new projects by the year 2000.

Mr Kent acknowledges the opportunities, but downplays BankWest's likely role in big loan syndications. "I don't pretend we'll ever be bankers to BHP [Australia's largest company], who work on very fine margins, but this does mean we can deal with much bigger corporates in this market.

"I wouldn't like to see [the housing share] fall too far ... but if it dropped to 50 per cent over the next couple of years I wouldn't be at all concerned."

Mr Fraser, meanwhile, is more specific: "The approach here would be along the lines at home, where we would target the smaller independents. We've already done some homework. There are still a number of significant independent players we'd like to start talking to, specifically in the oil and energy field."

Finally, over the longer-term, there is the much-vaunted Asian possibility. It is sometimes assumed that Australia's relative proximity to the region automatically makes entry easier – although, in truth, in the financial services sector, even the large Australian players have found the barriers formidable.

Mr Campbell admits that any substantive move is a couple of years away at least. At present, BankWest has a small representative office in Singapore, which could possibly be upgraded to a branch operation, while Bank of Scotland has its Hong Kong branch. The Australian bank also has some personal customer ties, because of the large Asian student population in Perth and the property investment inflows.

"One would have to anticipate that the bank would find a role somewhere in the future," says Mr Kent, "but at the moment I think it's more of the same."

"At this stage, there is no definitive plan that would outline a series of openings in the region," adds Mr Campbell.

And, asked if BankWest would have been as attractive to Bank of Scotland if it did not have the Asian "tiger" economies close by, Mr Campbell admits: "I think my answer would have to be 'Nearly as much'".

Rising prices benefit Indonesian tin miner

By Manuela Saragosa in Jakarta

Net profit at Tambang Timah, the Indonesian integrated tin mining company, increased 11.89 per cent in 1995 as production costs declined and tin prices staged a sustained recovery.

Earnings rose to Rp134.5bn ($58.7m) from Rp120.2bn a year earlier, coming in 7 per cent higher than the company forecast. It is "the best result in the past 10 years," said Mr Erry Hardjapamekas, Timah president director.

The company raised $306m when it was listed in Jakarta and London in October. Mr Erry said a feasibility study was being conducted into a Sydney listing.

Sales totalled Rp502bn, up 15.7 per cent from Rp434bn in 1994 despite a decline in tin metal sold to 36,041 tonnes from 37,130 tonnes a year earlier. The company said the decline was mainly due to a decision to increase stocks to "reasonable levels" after they declined in 1994 as sales exceeded production.

Mr Erry said Timah would be a "multi-commodity" stock by 2000 as it increased expenditures to pursue other alluvial mining interests. The company has been granted exploration rights for gold in north Sumatra and applied for a licence to explore for gold in Kalimantan. It is also looking into diamond mining.

Mr Erry did not provide a profit forecast for 1996 but analysts say that with shares trading at about nine times earnings, the stock is undervalued.

Closure costs hit News International

By Christopher Price in London and Nikki Tait in Sydney

The closure of the Today newspaper cost News International £42.1m, the company revealed yesterday, when it reported a steep decline in half-year pre-tax profits.

However, operating profits for the group, which is controlled by Mr Rupert Murdoch's News Corporation, showed a 36 per cent improvement to £76.2m, helped by a recovery in advertising revenues across its four titles.

Increases in the cover prices of some titles and a slowdown in the rate of increase in the price of newsprint also helped.

Pre-tax profits in the six months to December 31 declined from £561.9m to £168.9m.

While the latest figures were affected by the charge for Today, the previous period *included a £403.4m surplus* from the sale of News International's stake in BSkyB, the satellite broadcaster. *Operating* profits from the UK newspapers rose 11 per cent.

News Corporation, the Australian-based parent, reported a first-half profits dip that was smaller than expected.

Circulation in News International's four remaining titles was largely unchanged. The best performer was the News Of The World, which increased its average Sunday sale to 4.69m, a rise of 0.24 per cent on the previous six months. The Sun's average circulation improved 0.11 per cent to 4.03m.

The Times, at 668,756, and Sunday Times, at 1.25m, were *static*.

Both The Times and The Sun benefited from cover price increases. Newsprint prices, which had been expected to rise by 15 per cent in January, had increased by 10 per cent.

The six months included the first full period to include the 2p rise in the Sun to 27p. The Times' price rose three times during the period, from 20p, to 25p, and to 30p in November.

Colour advertising sales increased by 20 per cent overall, while at The Sun it rose 15 per cent. Classified advertising was also strong.

Earnings per share increased 31 per cent before exceptionals to 14.35p. Including exceptionals in both periods, they fell from 39.17p to 11.41p. The interim dividend per special share rose from 1.62p to 1.68p.

News Corporation announced a 1.5 per cent fall in after-tax profits from A$673m *(£331.94m) before exceptionals*, to A$663m.

After exceptionals, which *showed a surplus of A$39m*, compared with A$148m gain a year ago, profits were A$702m *(A$821m)*.

Revenues in the first half were 11 per cent higher at A$6.78bn. *Earnings* per share, before exceptionals, fell by 8.7 per cent to A$0.21.

The company said that stronger performances from its US television and UK newspaper interests were offset by a downturn in its film, book-publishing and magazine businesses. However, the figures were helped by a near-30 per cent fall in the tax charge, from A$86m to A$61m, and a reduced interest expense of A$305m (A$325m).

Analysts, whose estimates had been about A$640m,seemed relieved that the figures were no worse, and there was talk of some modest *upgrading of full-year profits* predictions.

News Corporation shares rallied strongly throughout the day. They closed up 15p at 355p.

Lower redundancy costs behind 26% third-quarter advance

BT chief moves to cut costs further

By Alan Cane

Sir Peter Bonfield, British Telecommunications' new chief executive, said yesterday that he would be seeking a better deal from the company's suppliers as part of a broad ranging plan to improve productivity.

Speaking publicly for the first time since taking over a month ago, he said he would be exploring ways to get better value for the £3bn ($4.6bn) the company spent annually on switching and transmission equipment. In particular, he would be discussing the possibility of reducing the cost of telecoms equipment through the use of standard microprocessors and operating systems.

"I want to look at our capital expenditure patterns in innovative ways so the total does not go up and we spread the risk factor" he said. BT's principal suppliers in the UK are GPT, a joint venture between GEC and Siemens of Germany; Ericsson of Sweden and Northern Telecom of Canada.

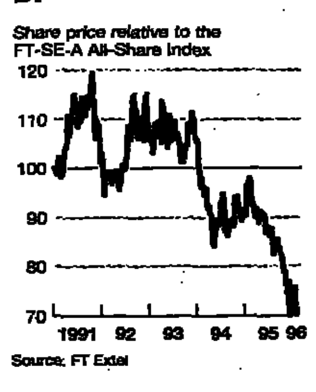
Sir *Peter, formerly* chairman and chief executive of ICL, the UK computer group owned by *Fujitsu* of Japan, addressed a number of key issues while announcing third-quarter results which were ahead of market expectations. Lower redundancy costs were behind a 26 per cent growth in pre-tax profits to £829m, £29m ahead of the most optimistic of analysts' forecasts.

He said he was hopeful the group's conflict with the industry regulator over call charges and fair trading could be resolved without recourse to the Monopolies and Mergers Commission.

He added that he wanted to shift the emphasis on staffing away from raw numbers, which fell by 8,000 people in the year to March 1996 at a cost of £400m, to reskilling and effectiveness: "We are looking at productivity targets rather than headcount targets," he said.

Redundancy and net interest charges for the nine months were both lower, at £183m and £69m respectively.The nine month figures also benefited from there being no repeat of 1994's bond repurchase which cost £75m.

However, the group's performance at the operating level before redundancy charges the group's performance was essentially flat.



Fergus Wilkie

Sir Peter Bonfield: innovative ways of looking at capital spending

Bell Cablemedia may buy Videotron

By Christopher Price

Bell Cablemedia, the UK's third largest cable company which holds 26 per cent of Videotron Holdings, the seventh largest, is considering whether to buy the 56 per cent majority stake.

Videotron Holdings was put up for sale by its parent company Videotron, Canada's third biggest cable television *company, on Wednesday. The* Canadian group holds a 56 per cent stake, while the remaining *18 per cent is held* by the public through Videotron Holdings' listing on the Nasdaq market in the US.

Under the shareholder agreement, Bell has first refusal on the Videotron stake. However, while the two groups would make a good fit, Bell, which is spending heavily to extend its network in the UK, is likely to baulk at the prospect of paying about £350m for the stake.

Analysts have suggested that the group, which is owned by Bell Canada, Jones Intercable and Cable and Wireless, could issue paper to fund the deal. However, Bell Cablemedia might also decide to waive its option, opening the offer to other interested parties.

Building sector realignment nears

By Andrew Taylor, Construction Correspondent

Mr Joe Dwyer, chief executive of Wimpey, and Mr Neville Simms, chief executive of Tarmac, were meeting in London last night to sign an agreement paving the way for one of the biggest *ever realignments* of the UK construction industry.

Wimpey, the UK's biggest housebuilder, *is due to swap* its quarrying and contracting businesses for Tarmac's housebuilding division.

The transfer is expected to place a combined value on the businesses of about £600m ($924m).

The transfer will reinforce Tarmac's position as the UK's biggest supplier to the construction industry of crushed rock, sand and gravel with a 24.5 per cent market share ahead of ARC with 18 per cent.

The combined building and civil engineering business will *have an annual turnover of* £1.75bn.

Wimpey's housebuilding business will almost double to produce about 14,000 homes a year and command a 10 per cent share of the new housing market ahead of Barratt and Beazer each with about 5 per cent of the market.

Wimpey will retain its opencast coal mining business which has a book value of £15m while Tarmac will maintain its interest in the 2,200 homes Sovereign Harbour development at Eastbourne.

Wimpey also will retain its interest in a consortium, which includes rival construction group Trafalgar House, which has been named as preferred bidder for one of the UK's first four privately financed motorways, the £190m A1-M1 link south of Leeds.

Tarmac will be responsible for completing other Wimpey construction contracts acquired under the terms of the swap.

Tarmac shares since the deal was announced have risen 42 *per cent to 118p outperforming* the sector by 28 per cent. Wimpey shares have risen 25 per cent to 140p outperforming the sector by about 15 per cent

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Amstrad	6 mths to Dec 31	162.1	(142.9)	5.4L♠	(0.025♠)	4L	(0.2L)	1.25	Apr 12	1	-	2.5
British Telecom	9 mths to Dec 31	10.57	(10.32)	2.44	(2.15)	25.5	(22.1)	-	-	-	-	17.7
MAI	6 mths to Dec 31	403.8	(396.3)	62.7	(58.6)	20.1	(16.6)	4	Apr 26	2	-	8.7
P&P	Yr to Nov 30	342	(263.9)	12.6	(8)	11.2	(8.2)	2	May 11	1.65	3.15	2.6
Westminster Health	6 mths to Nov 30	40.4	(32.7)	8	(6.27)	11.1†	(9.9)	2.35	Apr 8	2.1	-	5.4
Wyefield Group	6 mths to Dec 31	8.31	(9.07)	0.491L	(0.566)	1.9L†	(1.8)	nil	-	0.5	-	1

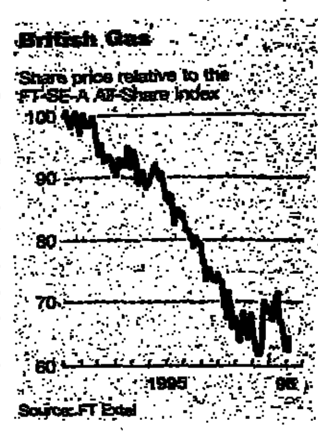
Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Edinburgh Java	Yr to Dec 31	36.53	(42.53)	0.099	(0.08L)	0.33	(0.27L)	0.16	Mar 29	nil	0.16	nil
Friends Provident	Yr to Dec 31	62.61	(59.23)	1.11	(1.12)	6.62	(6.7)	3.62	Apr 30	3.48	6.62	6.48

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. †On increased capital.

LEX COMMENT

British Gas

British Gas and Ofgas are right to expect the price review of TransCo, British Gas's pipeline business, to end up at the Monopolies and Mergers Commission. The gulf which separates the company and its regulator is profound. The argument *stems from* the fact that investment in the pipeline business is at a cyclical low – *far less than its* depreciation charge. As a result, it can generate enormous *amounts of cash even with* a tight profits cap. The company's view is that the depreciation charge *is essential if it* is to generate a reasonable return on past investment. The regulator, by contrast, is worried that the depreciation charge is, at the moment, allowing TransCo to generate far more cash than it needs. This debate may sound rather academic, but its outcome will be all too concrete.



The regulator's approach could easily knock £300m a year off British Gas's cash flow. And because there is no common ground between the two approaches, the scope for compromise is limited. Hence the near inevitability of an appeal to the MMC.

None of this is likely to upset British Gas's demerger plans. Still, the prospect of a long period of uncertainty over TransCo is hardly likely to go down well with investors. On the other hand, British Gas's willingness to go to the MMC bodes well for them. For one thing, it is highly unlikely that the MMC will come to a harsher conclusion than Ofgas. The MMC looked at precisely this issue in 1993 – and took the company's view.

DIGEST

Trafalgar caught in Coal collapse

Trafalgar House, the struggling construction and engineering conglomerate, could lose up to £4m from the collapse of Coal Investments. The group's Trafalgar House Mining subsidiary is thought to be the largest of Coal Investments' trade creditors which are believed to be owed a total of about £25m.

Coal Investments, the UK's second largest coal mining group, had been paying off its main creditors despite its worsening cash crisis but all payments ceased on Tuesday *when administrators were called in. Observers believe the* outlook for the trade creditors is poor given that the company also owes £26m to its banks. *David Wighton*

Voss Net and Petra link

Shares in Voss Net, which has developed an online electronic trading system, jumped by 28p to 260p yesterday after the Aim-listed group announced a 10-year licensing agreement with Petra, a US group which also specialises in online commercial products.

Under the agreement Petra will market and sell Voss Net's products in North America and parts of the Caribbean. Petra will pay Voss Net a revenue-related fee of not less than $500,000 (£325,000) a year for the first five years, which will be increased to not less than $1m for the next five-year period. *Paul Taylor*

Orange attracts over 400,000

Orange, the mobile telecoms group, attracted 30,000 new subscribers in January, making a total of 410,000 customers. The company is floating on the stock market next month, with possible value of £2.8bn.

January subscriber figures for the other two main operators, Cellnet and Vodafone, are not available. Vodafone, which reported 400,000 subscribers to its digital network in December, said yesterday it was still the largest operator, although it declined to give a figure.

Scotia and Astra agreement

The Swedish subsidiary of Scotia, the UK biotechnology company, has signed a development agreement with the pain control division of Astra, the fast-growing Swedish pharmaceuticals group.

The agreement grants Astra the right to use some of Scotia's specialist lipids – fatty molecules that make up the membrane of all cells – to improve the delivery of local anaesthetics.

Restructuring pushes Amstrad £5.4m in the red

By Paul Taylor

Amstrad, the refocused electronics group, yesterday reported an interim pre-tax loss of £5.4m ($8.3m), largely due to restructuring costs associated with the Amstrad Consumer Electronic subsidiary

The loss in the six months to December 31 compared with a profit of £25,000 previously on sales of £162.1m (£143m).

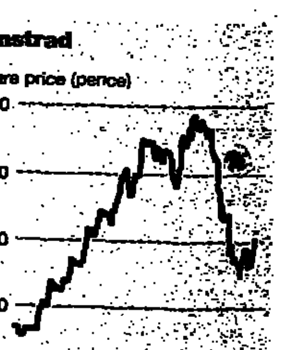
However, Mr Alan Sugar, chairman, said the latest restructuring meant that the group was now "in much better shape".

The restructuring costs mainly related to redundancies in the lossmaking consumer electronics business, which markets brown goods such as audio, video, televisions and satellite television systems.

Amstrad announced this week that it was cutting more than 150 jobs in the subsidiary. Restructuring plans for the business led to the resignation of Mr David Rogers, Amstrad's chief executive, at the end of December following boardroom disagreement.

Mr Sugar said yesterday: "Although moderate measures had been taken previously to rationalise ACE, it is abundantly clear from the results that those measures were inadequate."

The problems of the consumer electronics business, which operates in a fiercely competitive market, have largely obscured Amstrad's success in acquiring and developing *new businesses*.



In contrast to ACE, Viglen, the personal computer business *that* supplies direct to customers, performed well in the latest period, and Dancall Telecom, *which manufactures* digital telephone handsets, made "a respectable profit" in December *after an initial* four-month production delay.

Mr Sugar said the second half *would be a period of* bedding in the new plans for ACE, enhancing Dancall production *efficiency* and growing production at Viglen.

At December 31 net cash stood at £91.2m *(£136.4m) after* payment of a further £10.8m towards the Viglen acquisition, £4.2m capital *expenditure at* Dancall and the support of the expansion at Dancall.

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COMMODITIES AND AGRICULTURE

Senate vote sets stage for US farm policy battle

By Jurek Martin in Washington

Passage by the US Senate of the farm bill on Wednesday night set the stage for the next battle in the House of Representatives starting next month on the most comprehensive overhaul of legislation affecting agriculture since the 1930s.

The Senate bill, passed by a 64-32 vote, was given a cautious welcome by the Clinton administration. Mr Dan Glickman, the secretary of agriculture, called it "a step in the right direction" but remained concerned that "it does not provide as strong a safety net for family farmers as we would like".

The bill breaks the 60-year link between farm prices and subsidies for wheat, maize, feedgrains, rice and cotton. It provides a series of guaranteed but declining payments for farmers of those crops for seven years, regardless of market price fluctuations.

The legislation also frees farmers to plant more or less what they like, subject to production limits on certain fruits and vegetables. Its sponsors estimate it will cut government spending on agriculture by about 20 per cent over seven years.

Some concessions, however, were necessary to ensure its approval. The peanut and sugar beet subsidy programmes were retained in order to win votes from the northern prairie states and the south. Several existing government programmes, covering export promotion, land conservation and nutrition, also continue.

Senator Tom Daschle, the Democratic leader, managed to keep on the statute books the permanent farm price supports law of 1949 that even many in his own party admit is responsible for soaring farm subsidies. This means that farm policy would revert to the 1949 law on the expiration of the new legislation in seven years, if not superseded again by an entirely different act.

Pressure behind the bill had been intense not merely from the leading agribusiness companies but also from farmers wanting to know the new rules of the game. In the South, for example, spring planting has already begun.

Rich return sets the markets buzzing

Rachel Carnac talks to the trader who became a legend in the commodities world

Mr Marc Rich, the Belgian-born trader who quit Philipp Brothers in New York in 1974 because of a dispute about his annual bonus and then went on to build an international commodity trading organisation second only to Cargill, the US group, is back in business.

When he sold the last of his 51 per cent stake in his Switzerland-based company, renamed Glencore, in 1994, it had a turnover of about US$30bn, was trading about 1.5m barrels a day of crude oil and petroleum products and about 2.5m tonnes of aluminium a year.

So it is not surprising that his return, with the formation of Marc Rich & Co Investment, wholly-owned by Marc Rich & Co Holding, to commodity trading has created something of a buzz.

It appeared then that Mr Rich had retired from the business. Not so, he says. "I was not retired from business, but I was in fact not active in the physical trading of commodities for one year," he told Metal Bulletin magazine in an exclusive interview.

"I do not plan to retire. My hope is that the new commodity business will do well. I have good experience in commodities for over 40 years. This has nothing to do with other business areas, such as real estate, which I have always been active in."

Just why Mr Rich wants to return to commodities at a time when many would be thinking of retiring – he is now 61 years old – may puzzle some. "I decided to re-start trading activity basically to give young people an opportunity to work in an alternative environment," he explained.

Talking about his return, Mr Rich said he had no doubt that there was room for another commodity trading business, despite the rise of other physical giants in the intervening period, including AIOC, Trans-World Metals, the Balli Group and Glencore, most of which have developed strong business links with the aluminium industry – the metal he was famed for trading in.

"We plan to be active in aluminium, copper, zinc, lead, nickel, metal and concentrates, in addition to crude oil, petroleum products, grain and coal. Obviously, I feel the prospects for a company trading in commodities is good," Mr Rich said, stressing, "we are not looking to take over the role of Glencore."

Just how Marc Rich & Co Investment will develop is unclear. So far the company has employed 50 staff, with eight offices in Madrid, London, Moscow, Buenos Aires, Rio Grande do Sul, Lausanne and Belgrade, not to mention the headquarters in Zug, Switzerland.

"How our operations will develop, I do not know. Remember when we began the Marc Rich & Co in 1974, we began with only five or six people," Mr Rich said.

"We have no specific plan to what extent the number of employees will increase. The number of employees will grow as our business grows. We also plan to open more offices as business requires them," he told MB, adding that the company was only just starting and things were moving fairly rapidly at the moment.

Asked which emerging markets and countries Rich might be looking at to invest in, he responded: "We have no specific area in which we are looking for investment. There will always be opportunities and we will try to take advantage of them as they come. We have sufficient capital to obtain bank financing to handle virtually any business which comes along".

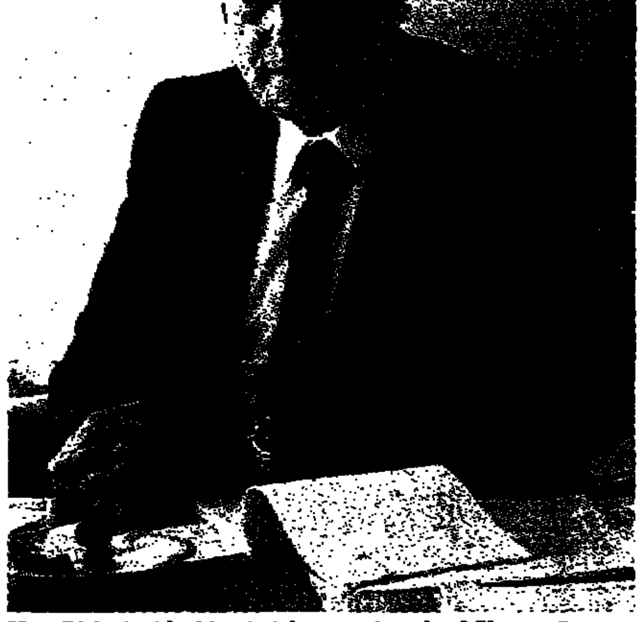
Some industry observers have speculated that there are now few truly emerging economies in the world where it is possible to make the profits possible a few years back. For instance the margins on business in the former Soviet Union available in the 1980s and early 1990s are no longer possible. Mr Rich countered this, however, saying: "We will try to be flexible and adjust to take care of any needs which a trading company can fulfil as and when they come up, and in whatever commodities which we deal in". But he does not mention which regions might show promise; for instance, whether the new operation is interested in investing in the emerging economies of Africa.

With Mr Simon Brock heading the non-ferrous business, Mr Rich said the company would continue in the traditional merchant business, but that has become more complex requiring financing, tolling and investment.

So far Marc Rich & Co Investment has not formed any specific links with any company to develop industrial projects, although Mr Rich said the company did plan to devote part of its resources to commodity-related investments.

"The ongoing and future structural changes, such as privatisations, changing cost structures and growing economies of emerging markets will create investment opportunities, which offer good returns. It is the company's policy to be joined by technical partners for the management of industrial projects," Mr Rich said.

Rachel Carnac is Metal Bulletin's news and markets editor (non-ferrous).



Marc Rich: "not looking to take over the role of Glencore".

BHP wins undisclosed coal price rise

By Nikki Tait in Sydney

Broken Hill Proprietary, the large Australian resources group, said yesterday that it had reached agreement with the Japanese Steel Mills to deliver 5m tonnes of hard coking coal during the contract year beginning on April 1.

But for the first time, BHP did not disclose what average price – or range of prices – its Japanese customers would be paying. Instead, it said only that it had achieved price increases "that are at the higher end of market expectations".

There has been talk recently of price rises topping US$3 a tonne for premium coal, or an increase of about 6 per cent, although the average rise would be less.

The contact tonnage, meanwhile, is lower than this year's 5.8m tonnes. Mr Geoff Lill, BHP Australia Coal's general manager, said that this reflected the lower ratio of hard coking coals being used by the Japanese steel mills for steel production, but that "in practice, deliveries of hard coking coal in 1996-97 should be similar to those in the current year".

The Australian coal companies had already indicated that this year's round of contract negotiations with the Japanese mills were proving slightly different, with less emphasis being put on establishing a single "benchmark" price rise, from which variations could be established. Yesterday, BHP reinforced this, saying that "price and volumes had been realigned to reflect more accurately specific coal qualities in each of the five brands involved".

"The tenor of the negotiations was quite different," it commented.

BHP also acknowledged that the lack of price disclosure would raise criticism that the market was losing any transparency, but declined to make any comment on this.

It said that the terms of the agreement reached with its Japanese customers prevented it from releasing specific prices.

It added that weak coking coal prices would be negotiated on an individual mill basis over the next few weeks.

MARKET REPORT

Coffee bounces on Brazilian tightness

London COFFEE futures reversed on speculative and trade buying yesterday to end some 4 per cent up as the results of Brazil's first domestic coffee auction confirmed the supply tightness facing the world's key producer, traders said.

As the GOLD price fell $4.25 to $408 a troy ounce, some traders said the market had been overheated and needed a correction.

Compiled from Reuters

Aboriginal title ruling raises fresh doubts about zinc project

By Nikki Tait

The timing of the development of the new A$1.1bn Century zinc mine, being planned by RTZ-CRA, was thrown into doubt yesterday when Australia's High Court allowed an appeal by the Waanyi people in northern Queensland against a full Federal Court ruling that had rejected their claim to native title.

The Waanyi people's claim extends over about 247 hectares of land, and encompasses the mine site. It was the first major native title claim case to be heard by the High Court since it made its historic "Mabo" ruling in 1992, which led to the eventual passage of Australia's Native Title Act.

The Century mine was given the go-ahead by CRA in December, subject to agreement with the local aboriginal communities. At that stage, the Federal Court had ruled that native title rights were extinguished by the grant of pastoral lease in the early 1900s, and CRA had begun negotiations with the local aboriginal communities in the hope of reaching a settlement outside the legal process.

Century said yesterday it still hoped that a "mutually satisfactory" solution could be found within a timetable that would allow the mine to be up and running by mid-1998. This is particularly important to Pasminco, the Australian zinc producer, which needs to source "clean concentrates" from Century to meet Dutch environmental requirements for its Budel smelter.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1605-6	1629-30
Previous	1599-600	1623-24
High/low	1600/1598	1642/1624
AM Official	1599-600	1624-24.5
Kerb close		1636-7
Open int.	219,669	
Total daily turnover	78,278	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1370-80	1405-15
Previous	1365-75	1400-5
High/low		1420/1405
AM Official	1370-75	1405-6
Kerb close		1410-20
Open int.	4,823	
Total daily turnover	1,092	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	780-81	781-82
Previous	768.5-9.5	768-69
High/low	764/763	787/756
AM Official	763.5-64	763-64
Kerb close		767-8
Open int.	36,495	
Total daily turnover	5,126	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	8305-15	8400-10
Previous	8385-75	8460-65
High/low		8475/8395
AM Official	8315-25	8415-20
Kerb close		8430-40
Open int.	42,184	
Total daily turnover	8,817	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6225-35	6270-75
Previous	6220-30	6265-75
High/low	6220	6295/6260
AM Official	6215-25	6255-60
Kerb close		6285-95
Open int.	15,756	
Total daily turnover	5,136	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1034-35	1055-56
Previous	1037-38	1058-59
High/low	1037/1036.5	1064/1055
AM Official	1036.5-37	1057-58
Kerb close		1059-60
Open int.	79,947	
Total daily turnover	16,819	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2587.5-88.5	2529-30
Previous	2585-90	2545-46
High/low	2584/2580	2547/2529
AM Official	2582-83	2536-40
Kerb close		2540-2
Open int.	176,297	
Total daily turnover	52,458	

■ LME AM Official £/$ rate: 1.5353

LME Closing £/$ rate: 1.5373

Spot: 1.5375 3 mths: 1.5345 6 mths: 1.5307 9 mths: 1.5267

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	118.20	-0.40	118.25	117.40	532	2,381
Mar	117.20	-0.90	118.20	116.60	8,359	30,850
Apr	115.20	-0.65	116.35	115.90	11	1,092
May	115.00	-0.70	115.60	114.60	1,768	9,209
Jun	113.70	-0.65	113.90	113.00	10	712
Jul	112.70	-0.50	113.20	112.50	265	3,035
Total					11,496	48,482

PRECIOUS METALS

■ LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	407.80-408.20		
Opening	406.10-406.50		
Morning fix	406.85	265.321	482.813
Afternoon fix	407.90	265.501	492.215
Day's High	408.40-408.80		
Day's Low	406.10-406.50		
Previous close	412.00-412.50		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.10	6 months	3.29
2 months	3.89	12 months	2.75
3 months	3.72		

Silver Fix	p/troy oz.	US cts equiv.
Spot	368.40	565.50
3 months	373.20	572.15
6 months	379.20	578.10
1 year	388.15	590.05

Gold Coins	$ price	£ equiv.
Krugerrand	419.70-422.30	271-273
Maple Leaf		
New Sovereign	94-97	61-63

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	409.1	+0.2	409.2	407.8	272	725
Apr	411.5	+0.1	412.2	408.7	63,955	134,471
Jun	414.0	+0.1	414.8	411.8	4,530	31,897
Aug	416.0	+0.2	416.2	414.5	1,172	11,401
Oct	417.9	+0.2	417.0	417.0	1,158	4,291
Dec	419.8	-0.3	420.8	417.2	1,447	13,653
Total					93,945	238,111

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	428.2	+1.0	428.8	426.0	3,308	17,410
Jul	430.7	+1.0	431.5	429.0	378	3,440
Oct	433.2	+1.0	433.5	430.0	88	1,359
Jan	435.4	+1.0	-	-	52	85
Total					3,815	22,294

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	142.45	+1.90	142.50	140.00	1,018	4,588
Jun	143.55	+1.75	143.00	141.60	198	2,867
Sep	144.80	+1.80	146.50	147.75	3	77
Dec	146.05	+1.50	148.00	146.50	10	67
Total					1,225	7,579

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	571.1	+1.7	580.0	577.0	21	18
Mar	572.7	+1.7	575.0	567.5	28,975	62,815
May	578.0	+1.7	580.0	571.5	3,477	18,533
Jul	582.4	+1.8	584.5	577.0	1,629	9,366
Sep	586.8	+1.8	588.0	587.0	594	10,137
Dec	593.3	+1.8	595.0	588.0	135	5,983
Total					35,445	111,477

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	17.76	+0.02	17.80	17.65	25,250	66,926
Apr	17.31	-	17.35	17.22	15,007	62,877
May	17.10	-0.02	17.19	17.06	7,286	44,540
Jun	16.98	-0.02	17.06	16.96	3,394	36,721
Jul	17.00	-0.02	17.06	16.96	583	28,215
Aug	16.92	-0.04	16.92	16.90	593	14,882
Total					69,873	298,253

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	16.72	-0.13	16.75	16.64	16,471	36,353
Apr	16.15	+0.07	16.18	16.10	12,284	86,395
May	15.85	+0.02	15.88	15.82	2,625	21,026
Jun	15.75		15.78	15.71	1,390	19,017
Jul	15.63	-0.05	15.71	15.63	325	8,283
Aug	15.74	-	15.74	15.72	70	5,111
Total					[illegible]	86,073

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	52.95	+0.49	53.00	52.25	17,418	30,828
Apr	48.50	-	48.50	48.00	6,131	16,455
May	47.20	-0.25	47.45	47.20	1,980	11,614
Jun	46.40	-0.30	46.70	46.35	816	10,402
Jul	46.40	-0.30	46.70	46.30	351	6,023
Aug	47.10	-0.20	47.10	47.10	85	5,173
Total					27,184	86,137

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	178.50	+4.75	178.50	171.75	9,531	16,019
Mar	158.75	+1.00	159.25	157.75	11,606	19,687
Apr	150.75	+0.50	151.25	150.00	5,018	13,906
May	148.50	-0.50	147.50	146.75	952	5,465
Jun	146.25	-0.75	145.75	145.25	376	6,071
Jul	145.25	-0.75	145.75	145.25	38	4,826
Total					28,329	73,848

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	2.465	-0.048	2.595	2.430	21,792	29,258
Apr	2.130	-0.002	2.205	2.110	8,574	18,831
May	2.030	-0.010	2.080	2.010	2,582	17,002
Jun	1.950	-0.007	1.975	1.930	908	12,185
Jul	1.910	-0.010	1.930	1.900	359	9,873
Aug	1.885	-0.013	1.905	1.880	249	9,623
Total					35,285	146,758

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	52.25	+0.02	52.35	51.75	7,642	22,571
Apr	54.40	-0.16	54.50	54.15	4,029	17,393
May	54.10	-0.30	54.20	53.85	1,930	10,378
Jun	53.85	-0.25	54.00	53.60	562	5,129
Jul	53.25	-0.22	53.35	53.20	56	3,799
Aug	52.50	-0.30	52.50	52.50	58	2,734
Total					14,654	62,806

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	119.35	-0.55	120.25	119.00	423	1,648
May	121.30	-0.65	122.10	120.75	546	3,568
Jul	123.30	-0.40	124.00	123.30	39	440
Sep	110.75	-0.45	-	-	-	178
Nov	112.15	-0.30	112.75	112.20	16	1,399
Jan	114.20	-0.25	114.20	114.20	30	133
Total					1,066	7,371

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	510.00	-3.50	512.50	506.50	13,271	37,682
May	486.25	-3.25	491.00	483.00	6,068	17,231
Jul	450.25	-2.00	453.00	447.50	14,456	39,420
Sep	451.00	-3.00	453.00	447.50	3,525	7,641
Dec	459.50	-2.00	461.00	456.50	836	4,731
Mar	458.00	-3.00	-	-	-	5
Total					38,164	106,891

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	359.25	-1.75	362.00	358.50	35,475	180,493
May	363.00	-2.00	365.75	362.25	14,962	143,340
Jul	360.00	-1.75	362.75	359.25	10,345	94,539
Sep	313.75	+0.25	315.25	312.25	2,501	29,190
Dec	301.50	+0.25	303.00	300.00	6,806	64,488
Mar	306.75	+0.50	307.75	305.00	389	4,592
Total					70,606	498,782

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	110.25	-	110.50	110.00	25	623
May	112.00	-0.25	112.50	111.75	14	383
Sep	106.50	-0.90	-	-	-	31
Nov	109.00	-0.50	108.50	108.50	5	228
Jan	111.50	-	-	-	-	32
Total					44	1,265

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	721.50	-2.00	728.00	720.50	34,943	70,164
May	730.75	-1.25	736.75	730.00	11,885	41,635
Jul	737.75	-1.25	744.00	736.50	7,511	36,929
Aug	737.25	-0.75	741.50	736.00	280	3,510
Sep	722.00	+0.25	726.50	722.00	216	2,897
Nov	713.25	+0.75	721.00	711.00	8,861	41,256
Total					64,257	208,187

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	24.17	+0.04	24.34	24.08	5,475	36,084
May	24.52	+0.03	24.70	24.50	3,506	20,380
Jul	24.88	+0.03	25.08	24.87	2,075	16,265
Aug	25.04	+0.03	25.25	25.05	283	4,156
Sep	25.20	+0.05	25.40	25.26	126	2,059
Oct	25.37	+0.04	25.45	25.36	176	1,937
Total					12,010	87,424

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	226.2	-1.5	227.7	226.1	15,713	34,453
May	230.2	-1.1	231.6	230.1	8,414	24,312
Jul	232.2	-1.0	234.0	232.0	4,114	18,733
Aug	231.6	-0.4	233.0	231.9	1,822	3,558
Sep	228.7	-0.6	230.7	229.0	425	2,321
Oct	224.7	+0.2	227.0	224.5	201	1,773
Total					31,330	90,380

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	200.0	-	-	-	-	-
Apr	177.5	-2.0	183.0	176.0	40	969
May	205.0	-	-	-	-	10
Jun	325.0	-	-	-	-	-
Nov	105.0	-	-	-	-	-
Total					40	1,012

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	1429	+29	1430	1390	120	469
Mar	1435	+34	1451	1390	84	586
Apr	1415	+8	1445	1385	94	1,394
Jul	1310	+10	1330	1290	160	1,438
Oct	1343	-2	-	-	-	544
Jan	1380	-	1380	1380	11	45
Total					468	4,508

	Close	Prev
BFI	1468	1465

FUTURES DATA
All futures data supplied by CMS.

Wool
Wool was cheaper to buy at most of the wool auctions held this week. Only in Australia at the final sales of superfine merino wool were higher prices paid, with offerings in this important category falling away seasonally and little now left to sell till the next season gets under way. The overall Eastern market indicator in Australia closed 9 cents lower on the week at 591, after touching 590 the previous day. New Zealand was a different market, with crossbred wools easing and 40% of the offering withdrawn by farmers reluctant to accept lower levels. The overall indicator there was 497 cents a kg., from 503 last week. Beyond the raw wool markets business coming from the major consuming countries in the developed world is poor, reflecting slow recovery which has yet to accelerate as a result of interest rate cuts.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	902	-7	908	901	679	15,467
May	923	-9	929	922	1,504	18,905
Jul	946	-8	952	947	304	10,719
Sep	965	-7	971	964	355	35,882
Dec	985	-6	990	983	171	13,303
Mar	1005	-4	1012	1004	1,253	29,582
Total					4,336	131,781

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1272	+5	1280	1265	7,011	20,368
May	1297	+6	1304	1289	7,433	32,709
Jul	1318	+4	1326	1312	750	11,262
Sep	1340	+9	1344	1332	771	10,712
Dec	1370	+8	1376	1367	59	9,552
Mar	1398	+6	1405	1393	31	7,228
Total					16,055	94,431

■ COCOA (ICCO) (SDR's/tonne)

Feb 7	Price	Prev. day
Daily	932.28	934.14

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	2113	+98	2130	2030	2,857	15,060
May	1916	+81	1930	1854	2,847	12,310
Jul	1851	+70	1865	1800	713	4,280
Sep	1838	+78	1820	1775	73	2,374
Nov	1824	+78	1823	1780	51	1,074
Jan	1818	+85	1818	1818	5	114
Total					6,346	35,212

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	123.70	+5.10	124.90	120.25	5,151	11,715
May	121.20	+4.65	122.00	118.20	2,897	10,247
Jul	119.65	+4.55	120.00	117.00	599	3,236
Sep	118.75	+4.35	118.75	116.00	160	1,998
Dec	117.00	+3.35	118.00	115.50	100	1,167
Mar	116.25	+3.50	-	112.00	5	225
Total					8,910	28,625

■ COFFEE (ICO) (US cents/pound)

Feb 7	Price	Prev. day
Comp. daily	109.11	111.83
15 day average	107.88	107.22

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	10.90	-	-	-	-	-
May	11.52	-	-	-	-	-
Jul	11.52	-	-	-	-	-
Total					-	-

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	370.6	-	383.2	369.5	3,255	7,938
May	356.5	-	361.4	355.0	1,223	12,793
Aug	338.6	-	341.8	339.1	621	5,807
Oct	312.8	-	315.0	312.0	374	3,851
Dec	303.4	-	304.7	303.5	30	2,456
Mar	299.8	-	301.5	301.0	13	592
Total						

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	12.12	+0.10	12.17	12.03	9,728	58,258
May	11.47	+0.15	11.49	11.35	3,805	35,787
Jul	10.50	+0.02	10.55	10.49	3,528	28,641
Oct	10.25	-	10.28	10.23	931	23,626
Mar	10.03	-0.02	10.08	10.03	389	13,233
May	9.92	-0.01	9.86	9.94	93	1,985
Total					18,505	160,627

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	85.60	+1.17	86.00	84.65	4,094	16,981
May	86.21	+0.95	86.70	85.40	3,423	16,194
Jul	85.34	-	86.70	85.50	1,065	10,927
Oct	79.90	+0.20	80.00	79.55	59	1,943
Dec	78.20	+0.50	78.35	77.80	299	12,581
Mar	78.87	+0.42	79.00	78.50	196	1,091
Total					9,305	61,720

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	121.40	+1.45	121.90	118.90	1,293	10,437
May	123.25	+1.55	123.80	120.60	916	5,761
Jul	125.00	+1.50	125.00	122.40	162	1,785
Sep	125.95	+0.90	125.85	124.25	46	1,474
Nov	124.25	+0.75	124.50	124.00	27	576
Jan	123.75	+0.20	124.00	123.00	51	1,651
Total					2,478	21,821

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Feb 8	Feb 7	month ago	year ago
2149.1	2148.3	2094.9	2231.4

■ CRB Futures (Base: 1967=100)

Feb 7	Feb 6	month ago	year ago
246.33	246.61	245.23	231.75

■ GSCI Spot (Base: 1970=100)

Feb 7	Feb 6	month ago	year ago
192.94	193.53	206.07	175.86

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Feb	64.300	+0.750	64.350	63.450	2,478	9,979
Apr	64.725	+1.050	64.750	63.600	6,488	35,580
Jun	62.350	+0.475	62.400	61.900	1,716	16,297
Aug	61.850	+0.475	61.900	61.400	914	8,060
Oct	62.850	+0.450	62.875	62.450	677	7,723
Dec	62.300	+0.450	62.350	61.900	543	4,293
Total					12,792	83,523

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Feb	48.625	+0.825	48.775	47.850	1,752	2,801
Apr	47.325	-	47.450	46.850	7,584	13,605
Jun	52.475	+0.075	52.600	52.025	2,121	9,278
Jul	50.850	-0.200	51.200	50.725	890	2,770
Aug	49.100	-0.225	49.500	48.950	1,258	4,302
Oct	45.175	-0.200	45.600	45.175	349	1,753
Total					14,282	36,490

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Feb	57.475	+0.200	57.600	56.500	450	830
Mar	57.350	-0.175	58.150	57.000	1,768	2,742
May	58.400	+0.625	58.800	57.425	719	1,865
Jul	57.650	+0.325	57.950	56.950	214	1,206
Aug	54.900	+0.275	55.100	54.100	13	231
Total					3,164	6,874

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	May	Jul	May	Jul
1500	151	-	14	1
1600	81	109	43	56
1700	37	62	97	106
■ COPPER (Grade A) LME	May	Jul	May	Jul
2400	166	147	33	75
2500	103	97	68	.123
2600	58	61	122	183
■ COFFEE LCE	Mar	May	Mar	May
1500	613	520	-	10
1550	563	472	-	16
1600	513	426	-	23
■ COCOA LCE	Mar	May	Mar	May
N/A	-	-	-	-
N/A	-	-	-	-
N/A	-	-	-	-
■ BRENT CRUDE IPE	Mar	Apr	Mar	Apr
1650	29	-	12	-
1700	6	-	-	-
1750	-	-	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Mar)

		+or-
Dubai	$15.22-5.31w	-0.22
Brent Blend (dated)	$16.95-6.97	+0.05
Brent Blend (Mar)	$16.70-6.72	+0.05
W.T.I.	$17.75-7.78w	+0.005

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$166-168	
Gas Oil	$175-179	+4
Heavy Fuel Oil	$93-95	-3
Naphtha	$157-160	-9
Jet fuel	$186-191	-2
Diesel	$178-181	+4.5

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

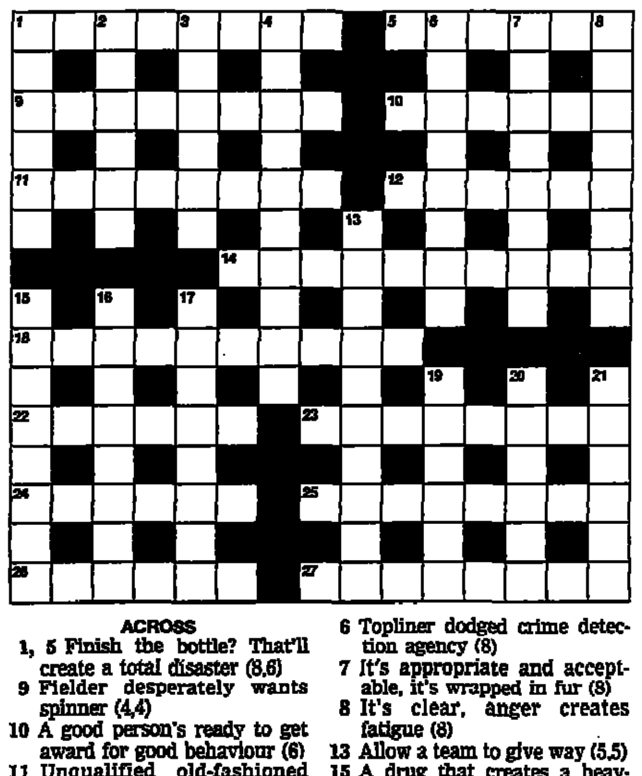
Gold (per troy oz)♣	$408.00	-4.25
Silver (per troy oz)♣	571.5c	-6.0
Platinum (per troy oz.)	$424.50	-8.5
Palladium (per troy oz.)	$139.75	-1.25
Copper	123.0c	
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	15.73m	
Tin (New York)	296.50c	+2.00
Cattle (live weight)†	120.88p	+1.16*
Sheep (live weight)†♠	131.60p	
Pigs (live weight)†	111.55p	
Lon. day sugar (raw)	$314.6	+2.8
Lon. day sugar (wte)	$390.0	+2.5
Barley (Eng. feed)	121.5u	
Maize (US No3 Yellow)	150.5z	
Wheat (US Dark North)	Unq	
Rubber (Mar)♥	103.00p	+0.50
Rubber (Apr)♥	103.00p	+0.50
Rubber (KL RSS No1)	15.73m	
Coconut Oil (Phil)§	$745.0y	
Palm Oil (Malay.)§	$515.0y	+7.5
Copra (Phil)§	480.0y	
Soyabeans (US)	207.0u	+1.0
Cotton Outlook'A' Index	86.05	+0.10
Wooltops (64s Super)	438p	-6

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Jan. u Feb.♥ w Mar. y Feb/Mar. x Oct/Dec London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week † Prices supplied by Petroleum Argos yesterday were wrong, correct figures as follows: Premium Gasoline $166-168, Heavy Fuel $97-99, Naptha $166-169.

JOTTER PAD

CROSSWORD

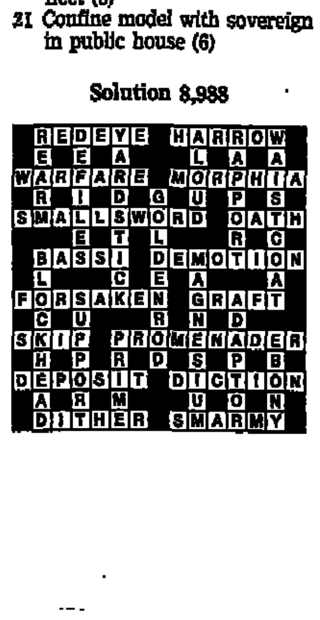
No.8,989 Set by ARMONIE



ACROSS
1, 5 Finish the bottle? That'll create a total disaster (8,6)
9 Fielder desperately wants spinner (4,4)
10 A good person's ready to get award for good behaviour (6)
11 Unqualified old-fashioned Tory (8)
12 Largely honest worker is shirking (6)
14 Sportsman, as an example, lent a hat (4,6)
18 It's given to revive the body, at sea (5,5)
22 Oriental satisfies in return for respect (6)
23 Powerful official gets a servant to sort out the drain (8)
24 In a legal position to provide a working standpoint (6)
25 Displayed in public a drink for the dog (8)
26 It's tedious but this sort of wine grabs attention (6)
27 Check the showers after the break (8)

DOWN
1 Immature animal eats everything (6)
2 Unit deployed during the Middle English period (6)
3 Fool's to tell untruths about the girl (6)
4 One giving money for champers is the hit of a Tory organisation (5,5)
6 Topliner dodged crime detection agency (8)
7 It's appropriate and acceptable, it's wrapped in fur (8)
8 It's clear, anger creates fatigue (8)
13 Allow a team to give way (5,5)
15 A drug that creates a heavenly body (8)
16 The princess's sense of loathing (8)
17 Miscreant makes proposition about the outcome (8)
19 Penny's about to ward off publicity (6)
20 Architect and artist raised a fleet (6)
21 Confine model with sovereign in public house (6)

Solution 8,988



INTERNATIONAL CAPITAL MARKETS

Treasuries marked higher after last leg of auction

By Maggie Urry in New York and Martin Brice in London

Treasury prices were marked up after yesterday's $12bn auction, while European government bond markets had earlier closed lower due to concerns over the absorption of the US paper.

Mr Huw Roberts, European bond strategist at NatWest Markets said the US quarterly refunding tended to weigh on European sentiment, particularly when the auction programme included the long bond.

■ US Treasury prices strengthened after the final leg of the quarterly refunding, consisting of a $12bn auction of 30-year bonds. Traders had positioned themselves before the sale by pushing up the long-bond yield to increase demand. Some said that once the sale was out of the way, the market should rally.

After the auction, the benchmark 30-year Treasury was up ¼ at 109⅞ to yield 6.137 per cent, while at the short end of the maturity spectrum the two-year note was up $\frac{1}{32}$ at 100$\frac{1}{16}$ to yield 4.882 per cent.

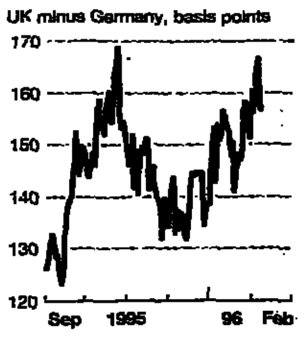
The quarterly refunding has had a mixed response, with good demand for the three-year notes sold on Tuesday, but a weak response to the 10-year auction on Wednesday.

Some dealers were expecting good demand from overseas buyers, notably the Japanese, but others suggested that those investors already had as much paper as they wanted.

The bond market was little affected by a sharp fall in weekly initial jobless claims, by 21,000 to 368,000, as it puts little reliance on the numbers – which have been distorted by extreme weather in January.

10-year bond spread

UK minus Germany, basis points



Source: Datastream

Testimony from Mr Robert Rubin, Treasury Secretary, to the House Banking Committee suggested that he was optimistic an agreement could soon be reached on an increase in the government's debt ceiling.

Yesterday, President Clinton signed a bill to provide an extra $29bn of finance to cover social security payments due this month. That should delay the possibility of a government default until mid-March, by which time an agreement on the ceiling is expected.

■ The impact on German government bonds of poor domestic January employment figures was muted, due to the extensive leaks that had taken place ahead of the official release yesterday. The unadjusted unemployment level exceeded the previous high of 4.04m in 1994 to reach a record 4.16m, and Mr Julian Jessop of HSBC Markets, said this figure would dominate the rest of the 1996 wage round.

Mr Brown at Bear Stearns said: "Even if the Bundesbank has failed to see it, or failed to own up to it, Germany is in recession. One thing is clear as clear can be, that the only policy lever left at the moment is lower German interest rates, and they will continue to fall for at least the next six to nine months."

The curve flattened very slightly as the two-year bond was unchanged and the yield on the 10-year bond rose 3 basis points, with the spread between them at 234 basis points. On Liffe the March 10-year bund future closed at 98.83, down 0.28. The yield spread of 10-year bunds over Treasuries rose a point to 33.

■ French government bonds responded well to the 15 basis point cut in the intervention rate, but Mr Dominique Barbet at Paribas Capital Markets in Paris said this reaction was short-lived since a cut was largely already priced in.

On Matif, the March future settled at 121.80, down 0.20 while March Pibor fell 0.01 to 95.58. The spread over bunds rose 2 basis points to 45 points.

■ The spread between Italian government bonds and 10-year bunds narrowed by 5 basis points to 415 points as the formation of a new government seemed to approach, although Ms Elizabeth Afseth of Williams de Broë warned that at these levels the market may soon face a setback. On Liffe, the March BTP future closed down 0.10 at 111.92.

■ UK government bonds spent a quiet day driven by other markets, with just 47,000 contracts on Liffe for the March gilt future, which closed down 0.02 at 109.07 while the spread over 10-year bunds came in by 3 basis points to 169 points.

■ The Swedish yield curve steepened on continuing hopes of a repo rate cut, with the yield on one-year paper falling by 5 basis points while on nine-year bonds it rose 6 points.

Ms Afseth expects a series of 50 basis point cuts up to the summer and the short end of the curve to rally in response. Spreads over 10-year bunds widened by 2 basis points to 275 points.

GOVERNMENT BONDS

Romania in private placement debut

By Anthony Robinson

Romania is making its debut in the private placement market with an issue of $50m in five-year floating-rate notes arranged for the National Bank of Romania by Merrill Lynch.

"The aim is to establish a benchmark as part of our strategy of building up a long-lasting and solid basis for co-operation with financial markets," Mr Mugur Isarescu, governor of the National Bank, said yesterday.

The country is also planning to issue its first eurobond later this year. Originally planned for 1995, the issue was delayed pending agreement on an extended IMF standby agreement.

Agreement was reached with the IMF in December for a $280m standby credit.

The World Bank also agreed a financial and enterprise structural adjustment loan for the same amount.

Romania is now awaiting a credit rating before launching its eurobond issue in the second quarter of this year. A rating is expected in March.

Meanwhile, the Croatian government is also planning a $250m eurobond to help fund this year's 2.5bn kuna budget deficit, Mr Bozo Prka, the finance minister, said yesterday in Zagreb.

The government is hoping for an investment grade rating once a rescheduling agreement is reached with the London Club of commercial bank creditors for Croatia's $3.7bn share of former Yugoslav debt. Agreement is expected within the next two to three months, he added.

Nymex sets date for futures on electricity

By Antonia Sharpe

The New York Mercantile Exchange will launch its Palo Verde and California-Oregon border electricity futures contracts on March 29. Electronic trading in the contracts will start at the beginning of April.

Nymex already has futures contracts in natural gas, crude oil and petroleum products.

Other than location, terms of the two contracts are the same. Each contract unit will represent 736 megawatt hours delivered over a month and 18 consecutive months will be listed. June will be the first month listed. Trading in the delivery month will cease on the fourth business day prior to the first day of the delivery month.

Also yesterday, the Chicago Mercantile Exchange and the Singapore International Monetary Exchange agreed to broaden their "mutual offset" system to include Simex's euroyen futures contract.

The system, which the two exchanges set up in 1984, enables traders to take positions on one exchange and offset them on the other. The main benefit of the system is that traders can manage their exposure around the clock.

For the past 12 years the system has enabled the two exchanges to mutually trade and offset the CME's eurodollar futures contract.

From March 6, the euroyen futures contract will be added to the CME's interest rate products. The exchange said the decision to include the euroyen contract in the mutual offset system followed requests from its members and that the launch would enable the world's most active non-US interest rate futures contract to be traded in the US and European time zones.

Finland plans $1bn global 10-year issue next week

By Conner Middelmann

The recent recovery in US dollar issuance was highlighted yesterday by the Republic of Finland's announcement that it plans to issue a $1bn global 10-year bond early next week.

Morgan Stanley will be book-runner, and Merrill Lynch and Nomura joint-leads. The issue will be Finland's third global deal and its first dollar bond since July 1994. The bonds are expected to be priced at a yield spread over Treasuries in the middle to high 30s.

"This deal should go well," said one dealer. "Finland hasn't issued in a long time – it will offer a yield pick-up to agency bonds; it'll be liquid; and its fundamentals are supportive." Finland is rated Aa2 by Moody's and AA– with positive outlook by Standard & Poor's.

The Export-Import Bank of Korea's $500m 10-year global was four times subscribed and the 77 basis point launch spread narrowed to 75 points on the first day of trading.

Unlike previous Korean issues, "it was the first time investors didn't look at the political situation between North and South Korea", said a dealer at Lehman Brothers, joint lead with Salomon Brothers. The yield also attracted buyers, dealers said.

Investors' hunger for yield has also supported a $500m credit card-backed issue for Citibank, the first such deal targeted specifically at European investors. Although the bonds were tightly priced, their 35 basis point spread over Treasuries still represents a pick-up of about 20 basis points over other triple-A rated five-year bonds, lead manager Deutsche Morgan Grenfell said.

In the D-Mark sector, the second global Pfandbrief issue in as many weeks for DePfa saw good international distribution, with particularly heavy demand in Asia, lead manager Morgan Stanley said. With a yield pick-up of about 10 basis points over recent eurobonds for triple-A rated agencies, it attracted some switching out of these issues, dealers said.

Sweden's City of Gothenburg tapped the D-Mark sector for DM200m of floaters which met such strong demand that it sold out in 35 minutes, mainly in Germany, said lead manager Deutsche Morgan Grenfell.

Meanwhile, Bayerische Landesbank was meeting UK investors in preparation for a eurosterling issue, thought to total £250m to £300m and expected to be launched in the coming days. A deal from the IADB, which is said to be looking at the 10-year dollar sector, is also in the pipeline.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
World Bank♦	300	zero	87.07	Mar 1999	0.25	-	Nikko Europe
Sino Land(a)§	175	5.00	100.00	Feb 2001	2.50	-	Jardine Fleming
Eksportfinans	150	5.375	99.604R	Feb 2001	0.25R	+12(5¼%-01)	UBS
D-MARKS							
City of Gothenburg‡	200	(b)	99.81R	Feb 2000	0.125R	-	Deutsche Morgan Grenfell
YEN							
Bank of Scotland(c)	17bn	4.25	101.00	undated	1.00	-	Morgan Stanley & Co Intl
SWISS FRANCS							
Toyota Motor Credit Corp	200	3.75	102.75	Mar 2000	1.75	-	Merrill Lynch Capital Mkts
ABB International Finance	125	4.125	103.125	Mar 2001	2.00	-	Credit Suisse
FRENCH FRANCS							
Südwest LB Capital Markets	2bn	6.00	100.22R	Mar 2002	0.275R	+12(f)	SBCW/Société Générale
Baden Württemberg L-Finance	1.5bn	6.50	99.413R	Mar 2006	0.325R	+10(f)	Banque Paribas/CDC
LUXEMBOURG FRANCS							
Commerzbank International(a)	2bn	5.75	102.70	Dec 2001	1.875	-	Banque Paribas Luxembourg
ITALIAN LIRE							
Hypo Finance (Ireland)	200bn	9.10	101.34	Mar 1999	1.375	-	Credito Italiano
Bank Austria(d)	100bn	9.30	102.415	Feb 1999	1.375	-	Banca MPS/BNL/Cariplo
SOUTH AFRICAN RAND							
BayerVB Overseas Finance	250	13.25	100.95	Mar 1997	1.00	-	Hambros Bank
IRISH POUNDS							
Irish Permanent Treasury(e)	60	6.75	99.065R	Oct 2000	0.10R	+40(8¾-00)	NCB Stockbrokers
EGYPTIAN POUNDS							
Citibank(e)‡	200	(e1)	100.00	Feb 2001	undisc.	-	Banque Misr

Final terms, non-callable unless stated. Yield spread (over govt bond) at launch supplied by lead manager. ‡Unlisted. §Convertible. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) Conv price: HK$5.55. FX: 7.7355HK$/$. Callable from 28/2/99 subject to 135% hurdle. Redemption price: 110%. b) 3-mth Libor flat. c) Callable on 8/2/16 and every 5 yrs at par. d) Fungible with L200bn. Plus 20 days accrued. e) Callable in Feb.00. e1) 91-day T-bills flat. f) Over interpolated yield. g) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	02/06	112.9520	+0.290	8.09	8.00	8.48
Austria		6.500	11/05	98.2100	-0.020	6.75	6.19	6.36
Belgium		7.000	05/06	103.3200	-0.240	6.54	6.31	6.69
Canada *		8.750	12/05	111.7000	-0.070	7.07	7.01	7.08
Denmark		8.000	03/06	105.0800	-0.040	7.27	7.08	7.24
France	BTAN	7.000	10/00	105.8750	-0.250	5.52	5.36	5.90
	OAT	7.250	03/06	105.0100	-0.390	6.55	6.41	6.64
Germany	Bund	6.000	01/06	99.2800	-0.320	6.10	5.87	6.03
Ireland		8.000	08/06	103.9000	-0.070	7.44	7.34	7.45
Italy		10.500	09/05	103.0100	+0.040	10.00†	9.90	10.60
Japan	No 129	6.400	03/00	117.4380	+0.100	1.82	1.83	1.67
	No 174	4.600	09/04	111.3130	-0.120	2.95	3.02	2.90
Netherlands		6.000	01/06	99.0800	-0.250	6.12	5.94	6.03
Portugal		11.875	02/05	114.1200	-0.140	9.48	9.36	9.82
Spain		10.150	01/06	102.4300	-0.580	9.76	9.49	9.72
Sweden		6.000	02/05	82.8200	-0.320	8.85	8.36	8.45
UK Gilts		8.000	12/00	104-12	+1/32	6.91	6.79	6.81
		7.500	12/06	98-31	-	7.64	7.46	7.42
		9.000	10/08	109-30	-1/32	7.79	7.63	7.57
US Treasury *		5.875	11/05	101-13	-6/32	5.68	5.59	5.61
		6.875	08/25	109-15	-16/32	6.17	6.06	5.99
ECU (French Govt)		7.500	04/05	103.6400	-0.250	6.95	6.80	6.98

London closing, *New York mid-day. Yields: Local market standard. † Gross (including withholding tax at 12.5 per cent payable by nonresidents) Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
Prime rate	8½	One month	5.26	Two year	4.82
Broker loan rate	-	Two month	5.09	Three year	5.02
Fed funds	5¼	Three month	4.94	Five year	5.28
Fed funds at intervention	-	Six month	4.80	10-year	5.68
		One year	4.69	30-year	6.17

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	122.06	121.80	-0.20	122.26	121.66	158,188	141,728
Jun	122.34	122.04	-0.24	122.48	121.98	3,333	17,141
Sep	121.12	120.80	-0.26	121.22	121.12	-	2,266

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
120	1.90	-	-	0.14	-	-
121	1.12	-	-	0.31	0.57	-
122	0.53	1.58	-	0.71	1.56	-
123	0.18	1.10	-	1.44	-	-
124	0.05	0.72	-	-	-	-

Est. vol. total, Calls 20,618 Puts 11,101. Previous day's open int., Calls 195,766 Puts 193,195.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	99.19	98.89	-0.22	99.31	98.78	177586	238305
Jun	98.30	98.00	-0.26	98.41	98.00	5723	16034

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Mar	CALLS Apr	CALLS May	CALLS Jun	PUTS Mar	PUTS Apr	PUTS May	PUTS Jun
9850	0.71	0.58	0.81	1.01	0.32	1.08	1.31	1.51
9900	0.42	0.40	0.61	0.79	0.53	1.40	1.61	1.79
9950	0.21	0.26	0.44	0.60	0.82	1.76	1.94	2.10

Est. vol. total, Calls 27213 Puts 22108. Previous day's open int., Calls 287550 Puts 228002

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	112.13	111.98	-0.04	112.48	111.87	38353	80050
Jun	111.80	111.49	-0.05	111.90	111.00	1036	4738

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
11150	1.04	2.21	0.56	2.22
11200	0.75	1.98	0.77	2.47
11250	0.53	1.73	1.05	2.74

Est. vol. total, Calls 6772 Puts 7160. Previous day's open int., Calls 87784 Puts 77936

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	96.03	95.47	-0.56	96.32	95.43	62,812	58,186
Jun	-	95.20	-	-	-	386	621

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	109-08	109-08	-0-01	109-20	109-04	47059	132640
Jun	108-22	108-16	-0-01	108-24	108-16	142	1765

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Mar	CALLS Apr	CALLS May	CALLS Jun	PUTS Mar	PUTS Apr	PUTS May	PUTS Jun
109	0-54	1-00	1-30	1-39	0-36	1-26	1-52	2-07
110	0-24	0-36	0-57	1-11	1-08	2-04	2-25	2-43
111	0-09	0-20	0-38	0-53	1-57	2-52	3-06	3-21

Est. vol. total, Calls 1004 Puts 1804. Previous day's open int., Calls 42364 Puts 30726

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	91.10	90.76	-0.20	91.16	90.70	1,299	8,360

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	119-19	119-16	-0-05	119-24	119-11	263,493	315,714
Jun	118-31	118-31	-0-06	119-05	118-26	5,223	44,532
Sep	-	118-19	-	119-00	118-09	130	5,983

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	120.24			120.27	120.15	1622	0
Jun	118.75			118.75	118.69	244	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Feb 8	Day's change %	Wed Feb 7	Accrued interest	xd adj. ytd		Low coupon yield Feb 8	Feb 7	Yr. ago	Medium coupon yield Feb 8	Feb 7	Yr. ago	High coupon yield Feb 8	Feb 7	Yr. ago
1 Up to 5 years (22)	123.60	+0.03	123.56	2.67	0.45	5 yrs	6.99	7.00	8.46	7.03	7.03	8.48	7.10	7.10	8.64
2 5-15 years (21)	150.09	+0.02	150.06	3.15	0.00	15 yrs	7.85	7.84	8.37	7.80	7.86	8.49	7.99	7.98	8.69
3 Over 15 years (8)	164.77	-0.02	164.80	2.96	1.02	20 yrs	7.95	7.95	8.34	7.98	7.97	8.49	8.07	8.06	8.60
4 Irredeemables (6)	188.47	+0.10	188.29	2.80	0.00	Irred.†	6.05	6.06	8.40						
5 All stocks (57)	144.74	+0.02	144.72	2.99	0.34										

Index-linked	Thu Feb 8	Day's change %	Wed Feb 7	Accrued interest	xd adj. ytd		Inflation 5% Feb 8	Feb 7	Yr. ago	Inflation 10% Feb 8	Feb 7	Yr. ago
6 Up to 5 years (1)	198.15	+0.01	198.13	2.55	0.00	Up to 5 yrs	2.58	2.57	3.72	1.37	1.36	2.47
7 Over 5 years (11)	187.85	+0.07	187.72	1.06	0.31	Over 5 yrs	3.63	3.63	3.67	3.44	3.44	3.69
8 All stocks (12)	187.95	+0.07	187.83	1.10	0.30							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Feb 8	Feb 7	Feb 6	Feb 5	Feb 2	Yr ago	High*	Low*
Govt. Secs. (UK)	94.62	94.64	94.47	94.19	94.88	91.77	96.34	90.22
Fixed Interest	112.98	112.88	112.81	113.43	113.88	110.47	115.23	108.77

* for 1995/96. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Feb 7	Feb 6	Feb 5	Feb 2	Feb 1
Gilt Edged bargains	88.3	96.7	116.5	91.5	86.2
5-day average	95.8	105.8	110.4	106.0	107.2

UK GILTS PRICES

Notes	Yield (I)	Yield (R)	Price £	+ or -	52 week High	52 week Low
[illegible]						

Shorts (Lives up to Five Years) · **Five to Fifteen Years** · **Over Fifteen Years** · **Undated** · **Index-Linked** · **Other Fixed Interest**

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for May 1995: 149.7 and for December 1995: 150.7.

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on February 8

	Issued	Bid	Offer	Chg.	Yield
[illegible]					

U.S. DOLLAR STRAIGHTS · **YEN STRAIGHTS** · **OTHER STRAIGHTS** · **DEUTSCHE MARK STRAIGHTS** · **SWISS FRANC STRAIGHTS** · **FLOATING RATE NOTES** · **CONVERTIBLE BONDS**

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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CURRENCIES AND MONEY

MARKETS REPORT

Japanese pensions package supports dollar

By Philip Gawith

The dollar rallied sharply in Tokyo on news of the latest deregulatory package, but it lost momentum during the European session and was unable to break above Y107.

The deregulation of Japanese pensions was taken initially to be dollar supportive, but further analysis induced scepticism as to how much difference this would make.

The dollar closed in London at Y106.845, from Y106.025. Against the D-Mark it finished barely changed at DM1.4762 from DM1.4773.

There was little currency movement in Europe, with the D-Mark finishing slightly firmer against the franc at FFr3.434, from FFr3.438. The Bank of France had earlier cut its intervention rate by 15 basis points to 3.90 per cent.

The German unadjusted German unemployment figures for January came in above 4m, but the leak of the figures the previous day meant they had little market impact.

Sterling finished slightly weaker as the market took a breather after the recent upward rally. It finished at DM2.2686, from DM2.2719, and at $1.537, from $1.5379.

■ The tone for the day's trading was set by the overnight announcement from the Japanese Ministry of Finance (MOF) about the deregulation of pensions management. The package had two main features: it would open up Japanese pension schemes to foreign management, and lift the 30 per cent ceiling on Japanese assets allowed to go abroad.

With foreign managers considered more likely to invest abroad than Japanese, both measures were seen to be dollar positive. But Mr Chris Turner, currency strategist at BZW in London, said raising the offshore ceiling was not of much significance when funds were anyway not investing much more than 10 per cent of their assets abroad.

He said the timing of the current initiative probably had more to do with US/Japan trade negotiations starting this week, than with any attempt to boost the dollar.

A senior Bank of Japan official said the authorities would not allow a resurgence in the yen. "Rumours that the BOJ may sell dollars at Y108 are ridiculous, surprising and unbelievable," he told Reuters. But traders pointed out that Mr Eisuke Sakakibara, the influential MOF official, was alleged to have said at an investment seminar last month that Y108-110 was where he would start feeling uncomfortable.

Mr Mark Cliffe, chief international economist at HSBC Markets in London, said the dollar appeared to be "caught in a stalemate between the bulls and the bears." He said the focus on the slowdown in Germany and Europe had given way to the idea that the US economy had similar problems.

Justifying a cautious dollar view, Mr Cliffe said: "We believe the US in the end will have to cut rates more aggressively than in Germany."

He added that while the November trade figures had helped the dollar, the year on year trend in US exports was down, leading him to conclude that "the trade argument is going to be bearish for the dollar later in the year."

Further bolstering his view, said Mr Cliffe, was evidence that Japanese investors had recently been sellers of US treasuries. "This illustrates the problem for Japanese authorities of encouraging private investors to take up the support operation for the dollar."

■ The Bank of France's decision to cut the intervention rate did not come as a surprise. The call rate had slipped on Wednesday, and with the franc firm, this opened the way for a rate cut. Mr Tim Fox, currency strategist at Credit Suisse in London, said the BoF also preferred a spread of around 50 basis points to the German repo rate, currently standing at 3.30 per cent, rather than the 75 basis points before yesterday's cut.

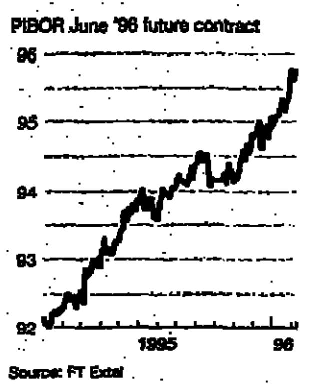
■ There remains an unreadiness among analysts to get too positive about sterling. Mr Turner of BZW said you were on "dodgy ground when you start advancing a safe haven argument for buying sterling."

He said the political and trade arguments had become less negative for sterling since the beginning of the year, but were still not "outright positives".

Mr Turner said it was difficult to get excited about sterling without the dollar rising above DM1.50, which does not appear likely at the moment.

France

PIBOR June '96 future contract



Source: FT Extel

■ **Pound in New York**

Feb 8	Latest	Prev. close
£ spot	1.5365	1.5380
1 mth	1.5354	1.5368
3 mth	1.5342	1.5348
1 yr	1.5217	1.5234

■ **OTHER CURRENCIES**

Feb 8	£	$
Czech Rp	41.5986 - 41.6229	27.0660 - 27.0760
Hungary	217.383 - 217.599	141.470 - 141.520
Iran	4611.00 - 4609.00	3000.00 - 3000.00
Kuwait	0.4596 - 0.4601	0.2991 - 0.2993
Poland	3.9108 - 3.9155	2.5450 - 2.5470
Russia	7291.42 - 7289.64	4743.00 - 4744.00
UAE	5.6436 - 5.6457	3.6727 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Feb 8		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.9550	-0.0214	461 - 619	15.9900	15.9420	15.925	2.3	15.8425	2.8	-	-	108.2
Belgium	(BFr)	46.6618	-0.0581	435 - 801	46.7410	46.5600	46.5518	2.6	46.3268	2.9	45.4268	2.6	108.4
Denmark	(DKr)	8.7852	-0.0062	809 - 895	8.8009	8.7754	8.7725	1.7	8.747	1.7	8.647	1.6	108.5
Finland	(FM)	7.0625	+0.039	559 - 690	7.0640	6.9910	7.0581	0.7	7.05	0.7	-	-	84.3
France	(FFr)	7.7986	-0.0046	962 - 013	7.8082	7.7903	7.7889	1.6	7.7632	1.7	7.6792	1.5	109.3
Germany	(DM)	2.2686	-0.0031	679 - 697	2.2744	2.2659	2.2637	2.7	2.2529	2.8	2.2095	2.6	110.8
Greece	(Dr)	375.001	-0.027	531 - 470	375.483	374.229	-	-	-	-	-	-	65.9
Ireland	(I£)	0.9730	+0.0029	722 - 738	0.9738	0.9704	0.972	1.2	0.9704	1.1	0.9649	0.8	98.0
Italy	(L)	2419.93	-2.18	861 - 125	2422.78	2414.86	2426.83	-3.4	2440.83	-3.5	2492.93	-3.0	73.4
Luxembourg	(LFr)	46.6618	-0.0581	435 - 801	46.7410	46.5600	46.5518	2.6	46.3268	2.9	45.4268	2.6	108.4
Netherlands	(Fl)	2.5407	-0.0035	394 - 419	2.5510	2.5347	2.5346	2.8	2.5211	3.1	2.4686	2.8	108.4
Norway	(NKr)	9.8986	-0.0143	918 - 075	9.9183	9.8506	9.8929	0.8	9.8789	0.8	9.8195	0.8	99.2
Portugal	(Es)	235.661	-0.153	590 - 781	236.114	235.192	236.066	-2.2	236.881	-2.3	-	-	95.3
Spain	(Pta)	191.117	-0.074	030 - 194	191.261	190.874	191.557	-2.8	192.377	-2.6	195.602	-2.3	82.1
Sweden	(SKr)	10.7420	-0.0542	347 - 493	10.8140	10.7344	10.7458	-0.2	10.7471	-0.2	10.7577	-0.1	84.5
Switzerland	(SFr)	1.8521	-0.0031	510 - 532	1.8582	1.8504	1.8453	4.4	1.8323	4.3	1.7822	3.8	113.6
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	84.3
Ecu	-	1.2352	-0.0016	346 - 358	1.2370	1.2340	1.2338	1.4	1.2306	1.5	1.2177	1.4	-
SDR†	-	1.050600	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5367	-0.0009	363 - 371	1.5377	1.5325	-	-	-	-	-	-	-
Brazil	(R$)	1.5034	-0.001	029 - 038	1.5040	1.4993	-	-	-	-	-	-	-
Canada	(C$)	2.1022	-0.0012	013 - 030	2.1045	2.0943	2.1006	0.9	2.0975	0.9	2.086	0.8	84.0
Mexico	(New Peso)	11.4887	-0.0098	830 - 144	11.5144	11.4592	-	-	-	-	-	-	-
USA	($)	1.5370	-0.0009	366 - 373	1.5380	1.5327	1.536	0.8	1.5338	0.8	1.5223	1.0	96.1
Pacific/Middle East/Africa													
Australia	(A$)	2.0286	-0.0075	274 - 297	2.0452	2.0204	2.0305	-1.1	2.0345	-1.2	2.0534	-1.2	89.0
Hong Kong	(HK$)	11.8822	-0.0074	787 - 856	11.8905	11.8498	11.8742	0.8	11.8609	0.7	11.8095	0.6	-
India	(Rs)	57.0670	-0.218	771 - 568	57.5570	55.9110	-	-	-	-	-	-	-
Israel	(Shk)	4.8036	+0.0003	988 - 084	4.8084	4.7955	-	-	-	-	-	-	-
Japan	(Y)	164.216	+1.165	109 - 322	164.830	163.020	163.466	5.5	161.951	5.5	155.816	5.1	138.1
Malaysia	(M$)	3.9208	-0.0105	191 - 224	3.9224	3.9200	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2795	-0.0013	781 - 809	2.2892	2.2739	2.2831	-1.9	2.2906	-1.9	2.3201	-1.8	108.1
Philippines	(Peso)	40.1496	-0.0158	176 - 819	40.1819	40.1176	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7645	-0.0032	629 - 661	5.7880	5.7489	-	-	-	-	-	-	-
Singapore	(S$)	2.1764	+0.0014	751 - 776	2.1777	2.1718	-	-	-	-	-	-	-
South Africa	(R)	5.6041	+0.0012	017 - 065	5.6065	5.5890	-	-	-	-	-	-	-
South Korea	(Won)	1199.82	-1.55	932 - 032	1201.48	1196.73	-	-	-	-	-	-	-
Taiwan	(T$)	42.2339	-0.0247	227 - 450	42.2581	42.1186	-	-	-	-	-	-	-
Thailand	(Bt)	38.8464	+0.008	222 - 706	38.8706	38.7560	-	-	-	-	-	-	-

† Rates for Feb 8 Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Feb 8		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P. Morgan index
Europe													
Austria	(Sch)	10.3810	-0.0076	788 - 831	10.4220	10.3788	10.365	1.8	10.331	1.9	10.211	1.6	106.1
Belgium	(BFr)	30.3600	-0.02	550 - 650	30.4650	30.3490	30.31	2.0	30.21	2.0	29.865	1.6	107.9
Denmark	(DKr)	5.7160	-0.002	145 - 175	5.7330	5.7084	5.7118	0.9	5.7005	0.9	5.7235	-0.1	108.5
Finland	(FM)	4.5951	+0.028	919 - 983	4.6115	4.5514	4.5906	1.2	4.5821	1.1	4.5656	0.6	84.0
France	(FFr)	5.0742	-0.0001	737 - 747	5.0890	5.0695	5.0701	1.0	5.0627	0.9	5.0447	0.6	108.9
Germany	(DM)	1.4762	-0.0011	759 - 764	1.4825	1.4755	1.4739	1.9	1.4688	2.0	1.4515	1.7	109.8
Greece	(Dr)	243.990	+0.125	740 - 240	244.870	243.320	245.515	-7.5	248.815	-7.6	263.29	-7.9	65.2
Ireland	(I£)	1.5796	-0.0035	786 - 805	1.5848	1.5762	1.58	-0.3	1.5804	-0.2	1.5735	0.4	-
Italy	(L)	1574.50	-0.5	400 - 500	1580.00	1572.65	1580.15	-4.3	1591.6	-4.3	1638	-4.1	73.0
Luxembourg	(LFr)	30.3600	-0.02	550 - 650	30.4650	30.3490	30.308	2.1	30.22	1.8	29.815	1.5	107.9
Netherlands	(Fl)	1.6531	-0.0013	526 - 535	1.6606	1.6523	1.6501	2.2	1.6436	2.3	1.6214	1.9	107.8
Norway	(NKr)	6.4411	-0.0055	373 - 448	6.4650	6.4161	6.4388	0.4	6.4309	0.7	6.4136	0.4	98.3
Portugal	(Es)	153.330	-0.01	280 - 380	153.780	153.220	153.705	-2.9	154.475	-3.0	158.05	-3.1	95.3
Spain	(Pta)	124.345	+0.025	320 - 370	124.890	124.320	124.74	-3.8	125.475	-3.6	128.995	-3.7	81.7
Sweden	(SKr)	6.9862	-0.0311	860 - 923	7.0487	6.9880	7.0083	-2.9	7.0357	-2.7	7.1732	-2.7	83.7
Switzerland	(SFr)	1.2051	-0.0013	048 - 055	1.2120	1.2046	1.2015	3.6	1.1945	3.5	1.1708	2.8	112.8
UK	(£)	1.5370	-0.0009	366 - 373	1.5380	1.5327	1.5356	1.1	1.5338	0.8	1.5223	1.0	84.0
Ecu	-	1.2443	+0.0009	440 - 446	1.2449	1.2397	1.2446	-0.3	1.245	-0.2	1.2456	-0.1	-
SDR†	-	0.68890	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9995	-	-	-	-	-	-	-
Brazil	(R$)	0.9782	-0.0001	781 - 783	0.9783	0.9781	-	-	-	-	-	-	-
Canada	(C$)	1.3676	-	675 - 680	1.3693	1.3641	1.3679	-0.1	1.369	-0.1	1.3731	-0.4	83.3
Mexico	(New Peso)	7.4750	-0.002	600 - 900	7.4820	7.4600	7.4772	-0.4	7.4804	-0.3	7.4853	-0.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.8
Pacific/Middle East/Africa													
Australia	(A$)	1.3198	-0.0042	194 - 203	1.3203	1.3194	1.3218	-1.8	1.3253	-1.7	1.344	-1.8	89.6
Hong Kong	(HK$)	7.7310	-0.0003	305 - 315	7.7315	7.7305	7.7317	-0.1	7.7335	-0.1	7.7605	-0.4	-
India	(Rs)	37.1300	-0.12	800 - 800	37.4000	37.0800	37.28	-4.8	37.585	-4.9	39.055	-5.2	-
Israel	(Shk)	3.1254	+0.002	230 - 278	3.1334	3.1230	-	-	-	-	-	-	-
Japan	(Y)	106.845	+0.82	800 - 890	107.100	105.970	106.43	4.7	105.6	4.7	102.4	4.2	137.6
Malaysia	(M$)	2.5510	+0.0085	505 - 515	2.5520	2.5395	2.5519	-0.4	2.559	-1.1	2.5815	-1.2	-
New Zealand	(NZ$)	1.4830	-	826 - 837	1.4837	1.4824	1.4861	-2.5	1.4919	-2.4	1.5165	-2.3	-
Philippines	(Peso)	26.1230	+0.005	080 - 380	26.1380	26.1060	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7506	+0.0001	504 - 508	3.7508	3.7504	3.751	-0.1	3.7517	-0.1	3.7551	-0.1	-
Singapore	(S$)	1.4160	+0.0017	155 - 165	1.4176	1.4135	1.4124	3.0	1.4064	2.7	1.381	2.5	-
South Africa	(R)	3.6463	+0.003	455 - 470	3.6470	3.6445	3.6751	-9.5	3.7266	-8.8	3.9496	-8.3	-
South Korea	(Won)	780.650	-0.55	500 - 800	781.900	779.900	783.65	-4.6	787.15	-3.3	805.65	-3.2	-
Taiwan	(T$)	27.4790	-	780 - 800	27.4800	27.4760	27.499	-0.9	27.539	-0.9	-	-	-
Thailand	(Bt)	25.2750	+0.02	650 - 850	25.2880	25.2570	25.3737	-4.7	25.5775	-4.8	26.46	-4.7	-

† SDR rate per $ for Feb 8. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Feb 8: Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

February 8	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	3 3/8	3 5/16	3 3/8	3 3/8	3 7/16	7.00	3.00	-
week ago	3 13/32	3 3/8	3 11/32	3 11/32	3 11/32	7.00	3.00	-
France	4 3/8	4 7/16	4 3/8	4 3/8	4 3/4	3.90	-	5.60
week ago	4 3/8	4 7/16	4 3/8	4 11/32	4 13/32	4.05	-	5.60
Germany	3 3/4	3 3/8	3 3/8	3 3/8	3 3/8	5.00	3.00	3.30
week ago	3 7/8	3 3/8	3 1/4	3 3/8	3 3/8	5.00	3.00	3.30
Ireland	5 1/8	5	5	5 1/8	5 1/4	-	-	6.25
week ago	4 15/16	5	5 1/16	5 1/8	5 1/4	-	-	6.25
Italy	9 15/16	9 3/4	9 11/16	9 11/16	9 3/8	-	9.00	8.72
week ago	9 7/8	9 5/8	9 13/16	9 5/8	9 5/8	-	9.00	8.88
Netherlands	3 1/8	3 1/16	2 15/16	2 31/32	3 1/16	-	3.00	3.30
week ago	3 1/32	3 1/16	3	2 31/32	3 1/16	-	3.00	3.30
Switzerland	1	1 3/8	1 5/8	1 9/16	2	5.00	1.50	-
week ago	1 1/2	1 3/8	1 9/16	1 9/16	1 13/16	5.00	1.50	-
US	5 1/4	5 1/4	5 3/8	5 3/16	5 1/16	-	5.00	-
week ago	5 3/8	5 1/4	5 1/4	5 1/8	5 1/16	-	5.00	-
Japan	1/2	7/16	7/16	5/8	13/16	-	0.50	-
week ago	7/16	7/16	13/32	5/8	25/32	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5 11/32	5 3/8	5 3/8	5 7/32	-	-	-
week ago	-	5 13/32	5 3/8	5 7/32	5 1/8	-	-	-
US Dollar CDs	-	5.10	5.03	4.94	4.81	-	-	-
week ago	-	5.10	5.18	5.12	4.89	-	-	-
ECU Linked Ds	-	4 13/16	4 13/16	4 11/16	4 11/16	-	-	-
week ago	-	4 13/16	4 3/8	4 1/2	4 13/16	-	-	-
SDR Linked Ds	-	3 3/8	3 3/8	3 1/4	3 3/8	-	-	-
week ago	-	3 3/8	3 13/32	3 11/32	3 3/8	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Feb 8	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3 11/32 - 3 1/4	3 11/32 - 3 1/4	3 11/32 - 3 7/32	3 11/32 - 3 7/32	3 11/32 - 3 7/32	3 11/32 - 3 7/32
Danish Krone	4 3/8 - 4 1/8	4 1/2 - 4 1/4	4 13/32 - 4 9/32	4 7/16 - 4 1/4	4 7/16 - 4 7/32	4 1/2 - 4 1/4
D-Mark	3 7/16 - 3 5/16	3 7/16 - 3 5/16	3 11/32 - 3 7/32	3 7/32 - 3 3/32	3 7/32 - 3 1/8	3 9/32 - 3 5/32
Dutch Guilder	3 3/16 - 3 1/16	3 3/16 - 3 1/16	3 3/32 - 3	3 - 2 27/32	2 31/32 - 2 27/32	2 31/32 - 2 27/32
French Franc	4 7/16 - 3 15/16	4 1/4 - 4 1/8	4 3/16 - 4 1/8	4 11/32 - 4 7/32	4 3/8 - 4 7/32	4 3/8 - 4 1/4
Portuguese Esc.	8 7/8 - 7 3/4	8 3/8 - 8 3/16	8 1/16 - 7 15/16	8 1/16 - 7 15/16	8 1/16 - 7 15/16	8 1/4 - 8 1/8
Spanish Peseta	9 1/8 - 9 1/32	9 1/16 - 8 31/32	8 15/16 - 8 13/16	8 3/4 - 8 5/8	8 11/16 - 8 9/16	8 5/8 - 8 1/2
Sterling	6 3/8 - 6 1/4	6 3/16 - 6 1/16	6 3/16 - 6 1/16	6 3/16 - 6 1/8	6 1/16 - 6	6 - 5 7/8
Swiss Franc	1 1/4 - 1	1 7/16 - 1 5/16	1 5/8 - 1 1/2	1 13/16 - 1 11/16	1 13/16 - 1 11/16	2 - 1 7/8
Can. Dollar	5 3/8 - 5 3/16	5 1/16 - 5	5 1/8 - 5	5 1/8 - 5	5 1/8 - 5	5 1/4 - 5 1/8
US Dollar	5 1/4 - 5 1/8	5 5/16 - 5 3/16	5 5/16 - 5 3/16	5 5/16 - 5 3/16	5 1/8 - 5	5 1/16 - 4 15/16
Italian Lira	9 27/32 - 9 23/32	9 27/32 - 9 3/4	9 25/32 - 9 21/32	9 5/8 - 9 1/2	9 3/8 - 9 1/4	9 5/16 - 9 3/16
Yen	17/32 - 15/32	15/32 - 13/32	1/2 - 3/8	1/2 - 3/8	11/16 - 9/16	7/8 - 3/4
Asian $Sing	1 1/8 - 1	1 1/16 - 15/16	1 15/16 - 1 13/16	2 5/16 - 2 3/16	2 3/8 - 2 1/4	2 5/8 - 2 1/2

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.62	95.58	-0.01	95.62	95.57	26,141	49,322
Jun	95.77	95.75	-0.01	95.79	95.74	7,396	54,212
Sep	95.75	95.74	-	95.78	95.72	5,472	45,053

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.81	96.80	-0.01	96.83	96.79	21206	170040
Jun	96.88	96.87	-	96.90	96.85	20223	170740
Sep	96.74	96.74	+0.01	96.78	96.72	20600	170972
Dec	96.47	96.48	+0.02	96.54	96.45	30080	147099

■ **THREE MONTH EUROLIRA FUTURES** (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	90.58	90.55	-0.02	90.62	90.54	7594	43324
Jun	91.21	91.18	-0.03	91.26	91.17	2575	30093
Sep	91.45	91.43	-0.02	91.50	91.43	1238	18185
Dec	91.47	91.45	-0.03	91.54	91.42	744	10897

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.20	98.20	+0.03	98.23	98.18	5555	23269
Jun	98.02	98.03	+0.03	98.07	98.00	5482	22053
Sep	97.82	97.80	+0.03	97.84	97.79	2140	12681
Dec	97.50	97.49	+0.02	97.56	97.48	2382	6807

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.50	95.48	-0.01	95.50	95.48	1484	8402
Jun	95.64	95.64	+0.01	95.65	95.62	778	4619
Sep	95.63	95.63	+0.02	95.63	95.60	429	3155
Dec	95.45	95.44	+0.02	95.45	95.41	316	3042

* LIFFE futures also traded on APT

■ **EUROLIRA OPTIONS** (LIFFE) L1000m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9050	0.21	0.84	1.23	0.16	0.16	0.30
9075	0.11	0.65	1.03	0.31	0.22	0.35
9100	0.05	0.49	0.85	0.50	0.31	0.42

Est. vol. total, Calls 40 Puts 100. Previous day's open int., Calls 20943 Puts 16901

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Feb 8		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.83	16.71	4.861	2.085	5184	5.446	21.22	504.9	409.6	23.02	3.969	2.143	4.505	3.294	351.9	2.647
Denmark	(DKr)	53.11	10	8.876	2.582	1.108	2754	2.892	11.27	268.2	217.5	12.23	2.108	1.138	2.393	1.750	186.9	1.406
France	(FFr)	59.84	11.27	10	2.908	1.248	3102	3.259	12.69	302.1	245.1	13.77	2.375	1.282	2.695	1.971	210.6	1.584
Germany	(DM)	20.57	3.873	3.438	1	0.429	1067	1.120	4.366	103.9	84.26	4.735	0.817	0.441	0.927	0.678	72.40	0.545
Ireland	(I£)	47.95	9.029	8.014	2.331	1	2486	2.612	10.17	242.1	196.4	11.04	1.903	1.028	2.160	1.580	168.8	1.269
Italy	(L)	1.929	0.363	0.322	0.094	0.040	100.	0.105	0.409	9.740	7.900	0.444	0.077	0.041	0.087	0.064	6.788	0.051
Netherlands	(Fl)	18.36	3.457	3.069	0.893	0.383	952.0	1	3.896	92.72	75.21	4.227	0.729	0.394	0.827	0.605	64.62	0.486
Norway	(NKr)	47.14	8.875	7.878	2.291	0.983	2444	2.567	10	238.0	193.0	10.85	1.871	1.010	2.123	1.553	165.9	1.248
Portugal	(Es)	19.80	3.729	3.310	0.963	0.413	1027	1.079	4.202	100.	81.11	4.559	0.786	0.424	0.892	0.652	69.69	0.524
Spain	(Pta)	24.42	4.597	4.081	1.187	0.509	1266	1.330	5.180	123.3	100.	5.620	0.969	0.523	1.100	0.804	85.92	0.646
Sweden	(SKr)	43.45	8.180	7.261	2.112	0.906	2252	2.366	9.217	219.4	177.9	10	1.724	0.931	1.957	1.431	152.9	1.150
Switzerland	(SFr)	25.19	4.744	4.211	1.225	0.525	1306	1.372	5.345	127.2	103.2	5.799	1	0.540	1.135	0.830	88.66	0.667
UK	(£)	46.66	8.785	7.798	2.268	0.973	2419	2.541	9.899	235.6	191.1	10.74	1.852	1	2.102	1.537	164.2	1.235
Canada	(C$)	22.20	4.179	3.710	1.079	0.463	1151	1.209	4.709	112.1	90.91	5.109	0.881	0.476	1	0.731	78.12	0.588
US	($)	30.36	5.716	5.074	1.476	0.633	1574	1.653	6.440	153.3	124.3	6.988	1.205	0.651	1.368	1	106.8	0.804
Japan	(Y)	28.42	5.350	4.749	1.381	0.593	1473	1.548	6.029	143.5	116.4	6.541	1.128	0.609	1.280	0.936	100.	0.752
Ecu		37.78	7.113	6.314	1.836	0.788	1959	2.057	8.015	190.8	154.7	8.696	1.500	0.810	1.702	1.245	133.0	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6785	0.6779	-0.0010	0.6790	0.6760	25,384	76,082
Jun	0.6800	0.6812	-0.0009	0.6814	0.6800	186	3,817
Sep	-	0.6870	-	-	-	2	1,585

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8322	0.8318	-0.0012	0.8326	0.8281	14,633	42,250
Jun	0.8359	0.8390	-0.0007	0.8395	0.8359	202	1,572
Sep	-	0.8452	-0.0002	-	0.8452	5	181

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.9480	0.9396	-0.0097	0.9480	0.9382	17,695	71,558
Jun	0.9534	0.9502	-0.0100	0.9534	0.9502	398	5,267
Sep	-	0.9701	-	-	-	19	733

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.5378	1.5344	-0.0018	1.5378	1.5320	9,545	42,223
Jun	1.5320	1.5312	-0.0022	1.5330	1.5310	5	336
Sep	-	1.5270	-0.0028	-	1.5270	4	5

UK INTEREST RATES

LONDON MONEY RATES

Feb 8	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7 - 6 1/8	6 3/8 - 6 1/4	6 3/16 - 6 1/16	6 1/4 - 6 1/8	6 1/8 - 6	6 1/8 - 6
Sterling CDs	-	-	6 3/32 - 6 1/32	6 1/8 - 6 1/16	6 1/32 - 5 31/32	6 1/32 - 5 31/32
Treasury Bills	-	-	6 1/8 - 6 1/16	6 1/32 - 5 31/32	-	-
Bank Bills	-	-	6 1/8 - 6 1/32	6 1/32 - 5 31/32	5 31/32 - 5 29/32	-
Local authority deps.	6 7/16 - 6 3/16	6 3/16 - 6 1/8	6 3/16 - 6 1/16	6 3/16 - 6 1/16	6 1/16 - 5 15/16	6 1/16 - 5 15/16
Discount Market deps	6 1/2 - 6 1/4	6 3/8 - 6 1/8	-	-	-	-

UK clearing bank base lending rate 6¼ per cent from January 18, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount 5.9668pc. ECGD fixed rate Stlg. Export Finance. Make up day Jan 31, 1996. Agreed rate for period Feb 26, 1996 to Mar 25, 1996, Schemes II & III 7.69pc. Reference rate for period Dec 30, 1995 to Jan 31, 1996. Schemes IV & V 6.440pc. Finance House Base Rate 6.5pc from February 1, 1996

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.92	93.91	-0.02	93.94	93.91	10927	85526
Jun	94.19	94.19	-	94.22	94.18	18000	83052
Sep	94.19	94.18	-	94.22	94.17	8551	63890
Dec	94.00	93.99	+0.01	94.02	93.97	7741	47637
Mar	93.71	93.70	+0.02	93.74	93.69	2302	32780

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9375	0.19	0.49	0.58	0.03	0.05	0.15
9400	0.04	0.29	0.41	0.13	0.10	0.23
9425	0.01	0.15	0.27	0.35	0.21	0.34

Est. vol. total, Calls 3413 Puts 4122. Previous day's open int., Calls 143778 Puts 146546

BASE LENDING RATES

	%		%		%
Adam & Company	6.25	Duncan Lawrie	6.25	Royal Bk of Scotland	6.25
Allied Trust Bank	6.25	Exeter Bank Limited	7.25	●Singer & Friedlander	6.25
AIB Bank	6.25	Financial & Gen Bank	7.00	●Smith & Williamson Secs.	6.25
●Henry Ansbacher	6.25	●Robert Fleming & Co	6.25	TSB	6.25
Bank of Baroda	6.25	Girobank	6.25	United Bank of Kuwait	6.25
Banco Bilbao Vizcaya	6.25	●Guinness Mahon	6.25	Unity Trust Bank Plc	6.25
Bank of Cyprus	6.25	Habib Bank AG Zurich	6.25	Western Trust	6.25
Bank of Ireland	6.25	●Hambros Bank	6.25	Whiteaway Laidlaw	6.25
Bank of India	6.25	Heritable & Gen Inv Bk.	6.25	Yorkshire Bank	6.25
Bank of Scotland	6.25	●Hill Samuel	6.25		
Barclays Bank	6.25	C. Hoare & Co	6.25		
Brit Bk of Mid East	6.25	Hongkong & Shanghai	6.25		
●Brown Shipley & Co Ltd	6.25	Julian Hodge Bank	6.25		
Citibank NA	6.25	●Leopold Joseph & Sons	6.25		
Clydesdale Bank	6.25	Lloyds Bank	6.25		
The Co-operative Bank	6.25	Meghraj Bank Ltd	6.25		
Coutts & Co	6.25	Midland Bank	6.25		
Credit Lyonnais	6.25	* Mount Credit Corp	6.25		
Cyprus Popular Bank	6.25	NatWestminster	6.25		
		●Rea Brothers	6.25		

● Members of London Investment Banking Association
* In administration

EMS EUROPEAN CURRENCY UNIT RATES

Feb 8	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Spain	162.493	159.345	+0.039	-1.94	4.35	13
Netherlands	2.15214	2.11819	+9e-05	-1.58	3.97	12
Belgium	39.3960	38.8886	+0.0041	-1.29	3.67	9
Austria	13.4383	13.3018	+0.0009	-1.02	3.38	7
Germany	1.91007	1.89167	+0.00015	-0.96	3.33	10
Portugal	195.792	196.517	+0.124	0.37	1.96	-2
Denmark	7.28580	7.32442	+0.00437	0.53	1.79	-4
France	6.40608	6.49979	+0.00248	1.46	0.86	-12
Ireland	0.792214	0.810696	+0.001706	2.33	0.00	-16
NON ERM MEMBERS						
Greece	292.867	312.633	+0.019	6.75	-4.14	-
Italy	2106.15	2016.32	-3.25	-4.27	6.89	-
UK	0.786652	0.833492	-0.000397	5.95	-3.42	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Feb	Mar	Apr	PUTS Feb	Mar	Apr
1.500	3.62	3.86	4.20	0.03	0.39	0.80
1.510	2.65	3.06	3.48	0.07	0.59	1.09
1.520	1.81	2.40	2.83	0.18	0.88	1.44
1.530	1.05	1.78	2.30	0.43	1.27	1.77
1.540	0.46	1.27	1.81	0.80	1.76	2.28
1.550	0.14	0.87	1.39	1.48	2.18	2.81

Previous day's vol., Calls N/A Puts N/A . Prev. day's open int., Calls N/A Puts N/A

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.82	94.81	-	94.82	94.80	24,575	401,358
Jun	95.17	95.17	-	95.19	95.16	41,974	436,802
Sep	95.32	95.33	+0.01	95.34	95.31	39,242	319,311

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	95.33	95.33	+0.01	95.34	95.32	707	10,619
Jun	95.60	95.60	-0.01	95.62	95.59	363	7,156
Sep	-	95.74	+0.01	95.75	-	22	905

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Feb	Mar	Apr	Jun	PUTS Feb	Mar	Apr	Jun
9675	0.06	0.09	0.16	0.21	0.01	0.04	0.06	0.09
9700	0	0.02	0.05	0.08	0.20	0.22	0.18	0.21
9725	0	0	0.01	0.02	0.45	0.45	0.39	0.40

Est. vol. total, Calls 10300 Puts 1895. Previous day's open int., Calls 293328 Puts 281220

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9800	0.25	0.24	0.22	0.05	0.21	0.42
9825	0.09	0.11	0.12	0.14	0.33	0.57
9850	0.02	0.04	0.06	0.32	0.51	0.76

Est. vol. total, Calls 100 Puts 51. Previous day's open int., Calls 9255 Puts 4222

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Allied Domecq	[illegible]	506xd	-3	588	478½	6,257	5.8	18.4
Bulmer (HP)	[illegible]	554xd	—	558	394	282.5	2.8	17.4
Burn St Dist	[illegible]	119½	-1½	146	99	70.8	5.2	25.7
Grand Met	[illegible]	439xd	+4	467	361	9,179	4.2	15.4
Guinness	[illegible]	450½	-1½	536	404	9,127	3.9	14.0
Highland	[illegible]	335	+5	408	315	447.6	2.9	15.2
Kirin Y	[illegible]	779½	-11¾	808	621	8,203	0.8	30.5
Macallan-Glen	[illegible]	169	—	217	157	187.8	1.0	35.5
Marston Martin A	[illegible]	633	—	690	600	86.7	2.2	17.8
Matthew Clark	[illegible]	667xd	-2	694	539	586.3	4.1	-
Merrydown	[illegible]	107½	+3½	140	68	11.7	2.3	-
Seagram S		£23⅛	—	£26¾	£16¾	6,303	1.2	-

BANKS, MERCHANT

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 2nd Pf		50¼xr	—	98	50¼	8.31	19.8	-
Cater Allen	[illegible]	480	-	525	418	156.5	7.8	7.9
Close Bros	[illegible]	358	—	*370	222	437.1	3.0	15.9
Gerrard & Nat	[illegible]	455	-1	472	395	222.0	6.2	14.7
Hambros	[illegible]	201	—	238	180	355.4	4.7	-
7½pc Cv Pf		101½	—	110	94	130.7	9.2	-
Joseph (L)	[illegible]	453	—	483	353	34.0	5.2	15.6
King & Shaxson	[illegible]	164	—	165	65	43.3	6.9	12.7
Rea Brothers	[illegible]	60	-	67	44	29.0	2.1	24.0
Schroders	[illegible]	1240	-15	*1478	906½	1,872	1.4	17.7
N/V	[illegible]	990	-13	*1180	823¼	435.6	1.8	14.1
Singer & Fried	[illegible]	105	—	111	81	287.2	4.4	10.9
8½pc Cv Ln 09/14		£133	—	£137	[illegible]	40.8	6.4	-

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

HOUSEHOLD GOODS - Cont.

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.
[illegible]

LEISURE & HOTELS - Cont.
[illegible]

OTHER FINANCIAL - Cont.
[illegible]

PROPERTY - Cont.
[illegible]

SUPPORT SERVICES - Cont.
[illegible]

AIM - Cont.
[illegible]

LIFE ASSURANCE
[illegible]

MEDIA
[illegible]

PAPER, PACKAGING & PRINTING
[illegible]

RETAILERS, FOOD
[illegible]

TELECOMMUNICATIONS
[illegible]

AMERICANS
[illegible]

TEXTILES & APPAREL
[illegible]

RETAILERS, GENERAL
[illegible]

PHARMACEUTICALS
[illegible]

CANADIANS
[illegible]

OTHER INVESTMENT TRUSTS
[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£38½	—	£34½	£29	2,036	2.8	14.9
Barlow	♣	£10½	—	£10¾	£5⅞	2,022	1.5	Φ
Gold Flds Prop R		170	—	170	136	17.4	6.3	7.8
NK Props		95	—	95	95	3.82	12.0	–
SASOL	♥	586	—	648	475	3,374	2.5	–
SA Brews		£24¾	—	£26½	£14½	7,344	1.4	33.3
Standard Bank	□	£31⅞	-⅛	£32¼	£20¾	3,720	1.5	21.3
Tiger Oats		1238	+8	1270	725	1,692	1.5	Φ
Tongaat-Hulett	†	1180	—	1247	636	1,108	1.7	22.3

TOBACCO
[illegible]

TRANSPORT
[illegible]

INVESTMENT COMPANIES
[illegible]

OIL, EXPLORATION & PRODUCTION
[illegible]

PHARMACEUTICALS - Cont.
[illegible]

RETAILERS, GENERAL - Cont.
[illegible]

PROPERTY
[illegible]

WATER
[illegible]

OIL, INTEGRATED
[illegible]

SUPPORT SERVICES
[illegible]

AIM
[illegible]

OTHER FINANCIAL
[illegible]

LEISURE & HOTELS
[illegible]

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- ▪ Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ☆ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend b Figures based on prospectus or other official estimates. g Assumed dividend yield after rights issue h Assumed dividend yield after scrip issue. n Rights issue pending q Earnings based on preliminary figures s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings v P/e ratios are calculated under new ACT guidelines. z Dividend yield includes a special payment F Yield based on prospectus or other official estimates for 1994-95 G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1995. K Yield based on prospectus or other official estimates for 1996 L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1995-96. R Forecast annualise yield, p/e based on prospectus or other official estimates. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1350 a year for each security shown, subject to the Editor's discretion

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For readers phoning from outside UK, please dial +44 in place of the first 0.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Pembroke Hall, Pembroke, Bermuda

Jupiter Tyndall (Bermuda) Ltd

Newport Investment Management

Orion Fund Limited

BERMUDA (REGULATED)(**)

Bermuda Intl Invmnt Mgmnt Ltd

Butterfield Management Co Ltd

GUERNSEY (SIB RECOGNISED)

AIB Investment Managers (Guernsey) Ltd

Adams & Neville Fd Mnmgt (Guernsey) Ltd

Equitable International Fund Managers Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Hambros Fd Mgrs (CI) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Freres Asset Management (CI) Ltd

Lazard Fund Managers (Channel Islands) Ltd

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Prudential Fund Managers (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

Royal Bk of Canada O/S Fd Mgrs Ltd

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.

Intl Currencies Fd Ltd

Sarasin Funds Mngmt (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

BZW Asset Management (Guernsey) Ltd

CBC Fund Managers (Guernsey) Ltd

Global Portfolio Management (Guernsey) Ltd

Hambros Fund Managers (CI) Ltd

Lazard Fund Managers (CI) Ltd

Lloyds Bank Fund Managers (Guernsey) Ltd

Royal Bank of Canada Intl Money Market Fd

Schroder Investment Mngmt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

AIB Fund Management Ltd

Bank of Ireland Unit Managers Ltd

Guinness Flight Select Funds Plc

Europe Hse, Harcourt St, Dublin 2

Hambros Fund Managers (Ireland) Ltd

Henderson Crosthwaite Investment Co

LGT Asset Management Ltd

Morgan Grenfell Investment Funds Ltd

Murray Johnstone (Dublin) Ltd

Royal Bank of Canada

Scottish Value Management (Ireland) Ltd

Singer & Friedlander Inv Funds Ltd

IRELAND (REGULATED)(**)

AIB Fund Management Ltd

Baring Mutual (Ireland) Ltd

Chemical Ireland Fund Administrators Ltd

Citi Investment Fund (Ireland)

Citizens Investment Trust Mngt Company

Daiwa Europe Fund Managers Ireland Ltd

Dragon Korea Fund Plc

Dresdner Kleinwort Benson Int Mgt Services Ltd

Dynamic Pacific Portfolio Fund Plc

Frank Russell Investments (Ireland) Ltd

Korea Fund

Pacific Growth Fund Ltd

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mgrs

ISLE OF MAN (REGULATED)(**)

AXA Equity & Law Intl Fund Mgrs

Bank of Ireland Asset Mngmt (IOM) Ltd

Gartmore Intl Mngt (IoM) Ltd

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

Barings International Fd Mgrs (Jersey) Ltd

Coutts & Co (Jersey) Fund Managers Ltd

Gartmore Fund Managers Intl Ltd

Lloyds Bank (CI) U/T Mgrs

Midland Bank Fund Managers (Jersey) Ltd

JERSEY (REGULATED)(**)

Barclays Intl Funds

Ashburton Global Funds Ltd (1200)

Bank of Ireland Asset Mngmt (CI) Ltd

CMI Fund Managers (Intl)

John Govett Management (Jersey) Ltd

INVESCO International Limited

Jupiter Tyndall (Jersey) Ltd

Lloyds Private Banking (CI) Ltd

Lombard Odier (Jersey) Ltd

Mercury Asset Mngt Channel Islands Ltd.

Perpetual UT Mngrs (Jersey) Ltd

Royal Bk of Scotland Fd Mgrs (Jersey) Ltd

Schroder Mngt Services (Jersey) Ltd

TSB Fund Managers (CI) Ltd

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds (a)

American Phoenix Investment Portfolios (a)

BAII Asset Management Lux

Bank Von Ernst & Cie AG

Barclays Diversified Portfolio (a)

Barings Inv Funds (Luxembourg)

Eagle Star - Global Assets Fund (a)

Fleming Group (a)

Gartmore Luxembourg SA (a)

Henderson Management SA (a)

INVESCO International Limited (a)

Morgan Grenfell Investment Funds

Nikko Capital Management

S-E-Banken Luxembourg SA

Schroder International Selection Fd (a)

Sun Life Global Management Ltd (a)

Thornton Investment Management Ltd

LUXEMBOURG (REGULATED)(**)

Aetna International Umbrella Fund (a)

Alliance Capital

Americanino Fund SICAV

Banque Ferrier Lullin (Lux) SA

Banque Scandinave En Suisse

Citicorp Investment Mngt (Luxembourg) SA

Credit Commercial de France

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Selling Price | Buying Price | + or - | Yield Gross

Credis Investment Funds - Contd.

[illegible]

Nikko Asia Convertible Bond Fund

Nikko Asia Conv Bond NAV. | $10.71

Nikko Bank (Luxembourg) S.A.

[illegible]

Nomura Asian Infrastructure Fd SICAV

NAV | $22.42 | -0.09

For Olato Fund see Fleming Group

Pacific Basin Growth Fund

NAV A Shs | $10.40 | -0.04
NAV B Shs | $10.72 | -0.12

Pan-Holding SA

[illegible]

Pictet Group

Asia Growth | $706.12

[illegible]

REIG Global Funds

[illegible]

River & Mercantile Latin American SICAV

Latin American NAV | $40.15 | -0.96

Rosenberg Global Mngt Co SA (u)

[illegible]

CMI Insurance Co Ltd

[illegible]

Royal Life International

[illegible]

Royal Skandia Life Assurance Ltd (z)

[illegible]

Capital International

[illegible]

Cathay Investment Fund Limited

[illegible]

Chameleon Funds Limited

[illegible]

Chescor Indian Investment Company Ltd

[illegible]

The China Fund

[illegible]

The China Invest & Development Fd Ltd

[illegible]

Citibank Global Asset Mgmt (Asia) Ltd

[illegible]

Citizens Investment Trust Mgt Co Ltd

[illegible]

City & International Securities Ltd

[illegible]

Claridan Bank

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

OFFSHORE INSURANCES

[illegible]

Global Asset Management - Contd.

[illegible]

Magellan Emerging Mkts Mngt (Jersey) Ltd

[illegible]

Republic Funds

[illegible]

MANAGED FUNDS NOTES

[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Merger news and US high fail to inspire Footsie

By Philip Coggan, Markets Editor

Another disappointing day for shares in London saw a virtual repeat of Wednesday's trading pattern – an initial lift from a record close on Wall Street which quickly fizzled out, followed by a gradual decline for the FT-SE 100 index during the afternoon.

The latest mega-merger between United News & Media and MAI failed to bolster the blue chips, although it did allow the junior mid 250 index (both merger partners are constituents) to defy the trend, closing 2.7 higher at 4,149.8.

News of the deal, which links the owner of the Express newspapers with the company that runs the Anglia and Meridian television franchises, prompted a rise in most other media shares. The exception was Carlton, seen as a potential rival bidder for MAI.

But it is worth noting that this all-paper merger is unlikely to provide the kind of a boost to the market which came from the cash-based takeovers, notably the Glaxo-Wellcome bid, *that were seen in 1995.*

Brokers said that the investment institutions are not being particularly active at the moment, confining their attention to switching between individual stocks, and the overall direction of the market is being driven by short term traders, often in the futures market. Yesterday afternoon, for example, a sudden flurry of activity in the pits sent the trading screens mostly red around 4pm.

The recent flurry of profits warnings continues to keep investors cautious ahead of the March results season. One leading analyst said: "We expected a correction on these lines. Earnings estimates were too *high and projections of dividend growth are having to be reduced."*

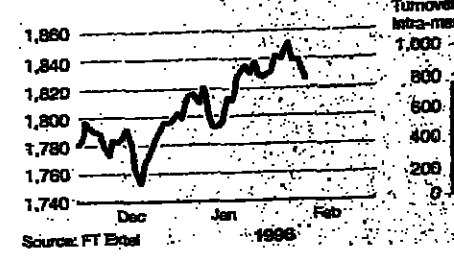
Other markets gave little help to UK shares yesterday apart from an early lift prompted by yet another all-time high in the Dow Jones Industrial Average. The Footsie's best level of the day, a 9.3 points rise to 3,735.4, was achieved in the first half-hour of trading. But European stock markets were generally weaker, the 10-year benchmark gilt was flat and early trading on Wall Street was sluggish. The Dow was around 5 points softer when London closed.

All this left the Footsie 17.7 points lower at 3,708.4 at the end of the session, just above the day's worst *level of 3,705.5. So far this week,* the leading index has lost 73 points or 2 per cent and managed only one positive day – a miserable 0.9 rise on Tuesday.

But some commentators see this as a shortlived lull. Mr Robin Griffiths, chief technical analyst at broker James Capel, said that the Footsie would not break the pattern of rising highs and lows unless it dropped below its recent low of 3,660. The bull market would not be over unless the leading index fell below its 200-day average, currently 3,472. Capel's chartist thinks this is the second leg of a bull phase which should soon power ahead to take the Footsie to 4,300 by the end of April.

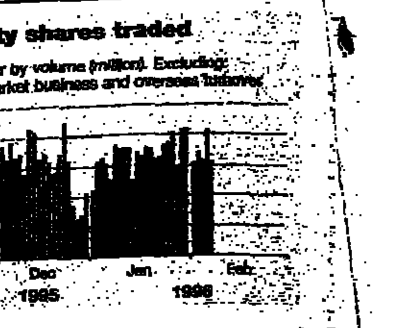
Trading volume was once again healthy, with some 798.9m shares dealt by the 6pm count, of which 57 per cent were non-Footsie stocks. The value of customer business on Wednesday was just under £1.8bn.

FT-SE-A All-Share index



Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3708.4	-17.7	FT Ordinary Index	2724.1	-14.5
FT-SE Mid 250	4149.8	+2.7	FT-SE-A Non Fins p/e	16.96	(17.00)
FT-SE-A 350	1850.4	-6.7	FT-SE 100 Fut Mar	3712.0	-21.0
FT-SE-A All-Share	1826.35	-6.06	10 yr Gilt yield	7.61	(7.61)
FT-SE-A All-Share yield	3.75	(3.73)	Long gilt/equity yld ratio:	2.15	(2.16)

Best performing sectors

1 Other Financial .... +2.4
2 Oil Exploration .... +1.0
3 *Telecommunications* .... +0.5
4 Pharmaceuticals .... +0.3
5 Life Assurance .... +0.1

Worst performing sectors

1 Leisure & Hotels .... -1.3
2 Tobacco .... -1.3
3 Diversified Inds .... -1.3
4 Banks, Retail .... -1.1
5 Building Mats .... -1.0

MAI bid battle looms

United News & Media and MAI set the media sector alight yesterday as they announced plans to merge.

Lord Stevens's group – which includes the Daily Express – and MAI, the broadcasting and media services group that controls two ITV licences, timed the news to coincide with MAI's interim results.

Analysts saw it as a defensive move aimed at warding off the advances of Carlton. And they believed that Carlton will come out with a higher, paper bid for MAI. Consequently, MAI shares jumped 69 to 448p, well above the merger terms which valued MAI around 417p. The company also saw 30m of its own shares change hands. Carlton slid 32 to 1022p and United put on 28 at 652p.

Elsewhere in the sector, Yorkshire Tyne Tees Television, of which MAI owns 14 per cent, rose 53 to 900p. Pearson *moved 29 higher before ending* the day a net 5 up at 690p and Scottish Television gained 12 at 606p.

Hanson harassed

International conglomerate Hanson pressed down towards its low, as traders received a sell note from Credit Lyonnais Laing and got wind of a possible debt downgrade.

Standard & Poor's, the rating agency which put Hanson on credit watch last month following the company's plans to demerge, held a conference call for bond holders yesterday *afternoon.*

There were no official moves from S&P, but an analyst at the company said: "It is 80 per cent likely that Hanson debt would come in for a downgrade in the not too distant future."

Credit Lyonnais Laing added to the downside pressures. It reiterated its sell stance with a note that calculated the demerger worth of Hanson shares at 175p.

Hit first by *trading* concerns and then demerger doubts, Hanson shares have been weak lately, lagging behind the market by 31 per cent over the past year and 7 per cent over three months. They lost 5 to 185p yesterday in 16m turnover.

Elsewhere in the sector, Cookson, a big supplier of solder to electronic circuit makers, retreated 8 to 286p following a mixed overnight run for US high-tech stocks. Lonrho declined 6 to 204p.

Banks sold

Banking stocks were easier as UBS published research arguing that the sector was *overvalued by up to 20 per* cent.

Analyst Mr John Aitken said the high valuations – partly prompted by continued takeover speculation – had left the sector "vulnerable to any hint of bad news".

Some bid heat was taken out of the sector as Mr Malcolm Williamson, the chief executive of Standard Chartered, repeated that no offer had been made for the bank and no discussions were being held with a view to a takeover.

Standard, the Footsie's best performer last year, dipped 15 to 600p. Royal Bank of Scotland, the sector's other enduring bid candidate, receded 11 to 547p.

The UBS note comes just before the sector's results season which starts with Lloyds TSB at the end of next week. Lloyds shares slipped 3 to 324p, while Abbey National declined 7 to 593p and HSBC 8 to 1083p.

Insurer Commercial Union gained 4 at 614p as Credit Lyonnais Laing repeated its buy recommendation on the stock.

Meanwhile, pure life assurance companies attracted attention on news that six financial services companies have made offers for Clerical Medical. Prudential rose 2½ to 437½p. Refuge 2 to 451p and Lloyds Abbey Life 2 to 486p.

Fears of a bearish 16-week trading statement from hotels, betting and drinks group Bass brought a sharp decline to the stock in early trading.

The shares fell to a low of 729½p, ahead of *the statement* delivered at the group's annual meeting. However, they clawed back some ground to end 9 down at 734p, with dealers suggesting that the statement was not as bad as had been expected by some in the market.

That news weakened Ladbroke, the UK's largest bookmaker, and the shares eased 3 to 172p. Ladbroke also said it had acquired London's Barracuda Casino from Stakis in a £27.5m deal. Stakis ended the session 1½ lighter at 86¼p, on volume of 4.8m.

Leisure group Rank Organisation, was also hit by the Bass statement. The shares surrendered 11 to 458p.

The Ladbroke acquisition focused attention on the value of casinos. London Clubs International, which operates seven casinos, jumped 8 to 474p, while those in Capital Corporation, another casino operator, appreciated 7 to 217p.

Slippage for the gold price and a changed profits estimate by UBS kept the downside pressure on mining giant RTZ.

The broker has cut its forecast of after-tax profits by £30m to £915m for 1995 and by £80m to £940m for this year. The shares dipped 8 to 924p.

Burmah Castrol improved 4 to 988p. Analyst Mr Simon Trimble of Merrill Lynch has published research which argues that the shares could be worth up to £16 apiece on a cash flow valuation and up to £20 on a break-up valuation.

Cairn Energy, the exploration and production stock, shot forward 21 to 193p as it revealed figures for its Bangladeshi oil well that suggested a net asset value of around 200p per share. SGST reiterated a buy recommendation on the stock.

Zeneca rose 8 to 1250p on news that it has agreed to acquire one of Glaxo Wellcome's migraine drugs. Lehman Brothers said the move provided a vital addition to the company's drug pipeline and could boost Zeneca's growth by *one percentage point over a* five year period. Glaxo, essentially a forced seller because of a ruling by the US Federal Trade Commission, slipped a penny to 930p.

An impressive debut public performance by chief executive Sir Peter Bonfield, coupled with solid third quarter results, sparked another sizeable two-way pull in BT. The shares ended 2¼ better at 359p, in turnover of 22m.

Among cable groups, TeleWest Communications and Nynex CableComms both lost ground on talk that both companies were potential suitors for control of Videotron, the seventh largest UK cable operator. TeleWest dipped 3 to 142p and Nynex 2 to 93p.

Tough talking by Liverpudlian dockers crunched Mersey Docks, pressing the shares down by almost 8 per cent or 34 to 403p in nominal turnover.

Upbeat first-half results, including a 25 per cent jump for the interim dividend, sent electronics group Amstrad racing ahead by almost 10 per cent or 18 to 201p in heavy 7.3m volume.

Rolls-Royce was the day's Footsie backmarker, weakening 8 to 208p in good turnover of 11m shares, as the absence of exciting news from the Singapore Air Show combined with take profits advice from Credit Lyonnais Laing to sap sentiment.

Grand Metropolitan, which hosted a dinner for analysts on Wednesday, moved forward 4 to 439p.

Food retailer Argyll Group was boosted by recommendations from a couple of brokers. The shares hardened 2 to 314p, in healthy trade of 7.3m. Ahead of next Tuesday's trading update, NatWest Securities said it considered the stock a "trading buy".

Mees Pierson was also said to be a bull of the stock.

MARKET REPORTERS:
Peter John, Joel Kibazo, Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Feb 8	Feb 7	Feb 6	Feb 5	Feb 2	Yr ago	*High	*Low
Ordinary Share	2724.1	2738.6	2760.5	2758.6	2784.8	2368.2	2788.2	2238.3
Ord. div. yield	3.84	3.82	3.79	3.79	3.76	4.46	4.73	3.76
P/E ratio net	16.84	16.92	17.07	17.05	17.20	17.98	21.33	15.35
P/E ratio nil	16.62	16.71	16.85	16.83	16.98	17.10	22.21	15.17

*For 1995/96. Ordinary Share index since compilation: high 2788.2 18/01/96; low 49.4 26/6/40. Base Date: 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2743.6	2742.3	2737.8	2730.4	2728.0	2725.7	2726.1	2729.3	2727.1	2744.9	2721.2

	Feb 8	Feb 7	Feb 6	Feb 5	Feb 2	Yr ago
SEAQ bargains	31,581	29,566	31,942	36,020	33,086	24,582
Equity turnover (£m)†	-	1798.0	2041.5	1649.5	1961.3	1681.0
Equity bargains†	-	37,857	36,511	40,685	37,512	31,934
Shares traded (mil)†	-	626.1	833.7	634.9	691.1	713.4

†Excluding intra-market business and overseas turnover.

London market data

Rises and falls		52 Week highs and lows		LIFFE Equity options	
Total Rises	540	Total Highs	129	Total contracts	33,459
Total Falls	868	Total Lows	23	Calls	18,304
Same	1,580			Puts	15,155

Feb 8 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3742.0	3712.0	-20.0	3748.0	3702.0	11618	64485
Jun	3747.0	3715.0	-19.5	3747.0	3708.0	196	1594
Sep		3732.0	-20.0			0	267

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4154.0	4160.0	+0	4154.0	4154.0	6	3307

FT-SE 100 INDEX OPTION (LIFFE) (*3708) £10 per full index point

	3550 C	3550 P	3600 C	3600 P	3650 C	3650 P	3700 C	3700 P	3750 C	3750 P	3800 C	3800 P	3850 C	3850 P	3900 C	3900 P
Feb	160½	1½	113	3	69	8	32	22½	8½	51	1½	98	1	148	1	198
Mar	174	13	132	21½	94½	33½	62½	53	38	79	20	114	10	158	4	206
Apr	181	29½	142½	41	109½	57	79½	77½	57	104½	38	136	23	172	14	213½
May	201	44	163½	56½	132½	74½	102	94	78½	120	55½	148	39	182	25½	220½
Jun†			178	68			117	105½			70½	159			38½	229

Calls 8,180 Puts 7,784

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3525 C	3525 P	3575 C	3575 P	3625 C	3625 P	3675 C	3675 P	3725 C	3725 P	3775 C	3775 P	3825 C	3825 P	3875 C	3875 P
Feb	184	1	135½	2	89	5½	48½	14½	19	35	4½	70	1	116½	1	166
Mar	193½	7½	149	13	108	21½	74	37½	47	59½	26½	89	13½	125½	5½	167½
Apr	202	25½	164	36½	128½	50½	97	68½	70½	91½	48½	119	32	151½	28	189
Jun	238½	51			167½	79½			107	117			63	170½		
Sept†	279	80			209½	106½			159½	143½			183½	193		

Calls 2,146 Puts 3,406 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995/96 High	1995/96 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	6.28	6½	5¾	†Ballynatray	6		-	-	-	-
120	F.P.	24.0	125	115	Century Inns	120	+1	-	-	-	-
-	F.P.	13.3	90	71	†Dmatek	71	-2	-	-	-	-
60	F.P.	35.4	68	65	MediaKey	65		Lv0.96	-	1.8	-
-	F.P.	0.13	8	8	†Nthn Prim Wrts	8		-	-	-	-
-	F.P.	1.13	105	100	†Revelation P'dlly	105		-	-	-	-
54	F.P.	3.21	60	53	†Self Sealing Syst	55		-	-	-	-
-	F.P.	0.97	8½	6	†SkyePharma Wts	8		-	-	-	-
-	F.P.	5.78	205	125	†Viewinn	192	-8	-	-	-	-

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Feb 7	% chg on day	Feb 6	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (33)	2457.09	-2.8	2528.50	1659.36	1.38	-	2529.73	1659.36
Regional indices								
Africa (16)	3553.86	+2.5	3467.40	2551.82	2.56	39.22	3553.88	2272.74
Australasia (5)	2825.27	0.0	2825.67	1870.20	2.06	43.03	2927.34	1798.20
North America (12)	2085.49	-4.6	2186.39	1366.39	0.65	62.90	2186.39	1366.39

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FT - SE Actuaries Share Indices — The UK Series

	Feb 8	Day's chge%	Feb 7	Feb 6	Feb 5	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3708.4	-0.5	3726.1	3747.5	3746.6	3099.0	3.88	2.07	15.59	9.12	1486.05
FT-SE Mid 250	4149.8	+0.1	4147.1	4140.1	4136.4	3440.7	3.54	1.74	20.25	21.98	1643.22
FT-SE Mid 250 ex Inv Trusts	4156.7	+0.1	4152.4	4145.1	4141.8	3447.5	3.68	1.80	18.83	23.61	1647.97
FT-SE-A 350	1850.4	-0.4	1857.1	1864.8	1864.1	1543.9	3.80	2.00	16.40	5.68	1517.71
FT-SE-A 350 Higher Yield	1848.9	-0.5	1858.0	1867.8	1865.7	1569.5	4.66	1.83	14.69	6.44	1258.87
FT-SE-A 350 Lower Yield	1856.9	-0.2	1861.1	1866.6	1867.3	1518.0	2.89	2.31	18.71	4.88	1271.10
FT-SE SmallCap	2025.12	....	2024.53	2023.47	2023.51	1718.81	3.10	1.83	22.05	3.75	1640.25
FT-SE SmallCap ex Inv Trusts	1997.38	+0.1	1996.25	1995.63	1995.96	1695.02	3.33	1.92	19.60	3.90	1626.67
FT-SE-A ALL-SHARE	1826.35	-0.3	1832.41	1839.41	1838.74	1525.42	3.75	1.99	16.72	5.43	1521.90

FT-SE Actuaries All-Share

	Feb 8	Day's chge%	Feb 7	Feb 6	Feb 5	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	3226.91	-0.1	3231.43	3251.25	3260.59	2696.29	3.66	2.00	17.08	0.00	1357.90
12 Extractive Industries(6)	4214.07	-0.4	4232.61	4271.96	4284.81	3517.21	3.76	2.39	13.88	0.00	1206.38
15 Oil, Integrated(3)	3268.76	-0.2	3274.94	3293.45	3302.29	2702.65	3.76	1.95	17.01	0.00	1410.08
16 Oil Exploration & Prod(15)	2093.80	+1.0	2072.57	2081.72	2091.26	1958.43	2.34	1.48	36.04	0.00	1242.81
20 GEN INDUSTRIALS(276)	2010.98	-0.7	2026.14	2039.63	2035.48	1835.27	4.11	1.87	16.27	1.97	1080.86
21 Building & Construction(34)	1052.48	-0.8	1061.25	1066.47	1062.93	947.16	3.81	2.13	15.42	0.36	867.41
22 Building Matls & Merchs(29)	1878.07	-1.0	1896.46	1898.62	1876.06	1764.26	3.99	2.03	15.43	0.61	932.37
23 Chemicals(23)	2423.11	-0.7	2440.70	2457.57	2448.80	2218.77	4.05	1.87	16.56	0.91	1128.81
24 Diversified Industrials(21)	1757.89	-1.3	1781.19	1799.11	1802.05	1827.20	5.61	1.49	14.95	3.32	962.94
25 Electronic & Elect Equip(35)	2292.19	+0.1	2289.84	2297.84	2295.37	1911.99	3.16	1.95	20.29	1.91	1176.96
26 Engineering(71)	2244.33	-0.6	2257.47	2273.38	2269.88	1749.70	3.32	2.24	16.80	3.48	1345.42
27 Engineering, Vehicles(13)	2622.13	-0.3	2629.17	2685.82	2703.32	2111.42	3.91	1.26	25.41	0.23	1337.04
28 Paper, Pckg & Printing(26)	2601.81	-0.9	2626.73	2635.85	2634.12	2724.74	3.83	2.53	12.89	0.39	1067.38
29 Textiles & Apparel(19)	1473.80	-0.5	1480.79	1483.57	1481.48	1481.23	4.72	1.79	14.77	0.00	883.93
30 CONSUMER GOODS(81)	3629.69	-0.1	3632.96	3653.14	3657.82	2873.65	3.76	1.77	18.65	7.79	1319.87
32 Alcoholic Beverages(9)	2776.77	+0.1	2773.84	2776.88	2780.28	2591.76	4.38	1.79	15.93	28.48	992.44
33 Food Producers(23)	2584.84	-0.4	2594.43	2594.95	2599.15	2344.99	4.15	1.74	17.35	4.53	1148.38
34 Household Goods(15)	2620.86	-0.1	2622.44	2632.59	2622.68	2532.30	3.64	2.15	15.98	1.96	984.76
36 Health Care(20)	1923.32	-0.5	1932.02	1917.21	1908.75	1610.58	2.66	1.77	26.57	2.08	1155.99
37 Pharmaceuticals(13)	5187.69	+0.3	5171.39	5212.68	5229.63	3539.39	3.16	1.69	23.37	0.05	1732.65
38 Tobacco(1)	4735.22	-1.3	4798.75	4879.23	4862.29	3834.44	5.06	1.94	12.72	0.00	1145.59
40 SERVICES(253)	2288.62	-0.3	2295.38	2298.02	2297.44	1873.17	3.01	2.10	19.79	11.04	1178.46
41 Distributors(32)	2608.47	-0.1	2610.75	2618.86	2625.95	2267.67	3.68	1.79	18.98	0.00	949.36
42 Leisure & Hotels(23)	2806.20	-1.3	2844.45	2859.13	2849.78	2120.72	2.97	1.94	21.67	104.50	1492.42
43 Media(46)	3707.90	+0.1	3704.46	3706.57	3725.72	2772.56	2.21	2.16	26.21	7.49	1329.79
44 Retailers, Food(15)	1930.45	.....	1929.65	1927.20	1924.71	1762.61	3.79	2.41	13.73	2.67	1210.46
45 Retailers, General(43)	1910.60	-0.2	1914.64	1916.31	1918.77	1554.83	3.11	2.24	17.97	2.98	1078.72
47 Breweries, Pubs & Rest.(24)	2947.66	-0.8	2972.45	2976.47	2960.92	2138.89	3.35	2.08	17.94	12.52	1404.03
48 Support Services(49)	1985.05	-0.1	1987.43	1995.26	1981.53	1475.52	2.37	2.52	20.93	1.81	1250.27
49 Transport(21)	2281.75	-0.7	2298.97	2296.61	2284.90	2228.75	3.80	1.39	23.63	1.17	937.52
60 UTILITIES(33)	2444.88	.....	2444.57	2456.08	2450.24	2389.86	5.07	2.01	12.25	27.11	1034.12
62 Electricity(12)	2739.97	-0.4	2750.93	2761.08	2757.29	2444.84	5.07	2.60	9.49	104.64	1326.06
64 Gas Distribution(2)	1607.68	-0.6	1616.80	1613.47	1626.27	2051.63	7.45	1.04	16.13	0.00	806.60
66 Telecommunications(7)	1996.26	+0.5	1986.23	2002.06	1991.66	2025.68	4.23	1.77	16.71	0.00	903.57
68 Water(12)	2112.28	-0.3	2118.07	2122.33	2114.48	1744.20	5.78	2.59	8.36	3.61	1145.47
69 NON-FINANCIALS(667)	1927.01	-0.3	1932.71	1941.37	1940.84	1653.21	3.80	1.94	16.94	7.07	1442.67
70 FINANCIALS(108)	2920.05	-0.5	2934.97	2940.96	2939.42	2144.23	3.88	2.32	13.88	0.62	1233.46
71 Banks, Retail(8)	4140.02	-1.1	4184.88	4193.37	4189.36	2808.51	3.62	2.80	13.28	0.00	1327.13
72 Banks, Merchant(6)	3452.47	-0.8	3479.34	3510.15	3520.73	3142.10	2.70	2.41	19.23	0.00	1082.32
73 Insurance(24)	1408.59	-0.2	1411.16	1422.45	1419.98	1198.77	5.18	2.69	8.98	0.26	1032.55
74 Life Assurance(6)	3483.24	+0.1	3479.46	3475.84	3496.20	2355.41	4.01	1.53	20.38	0.00	1419.08
77 Other Financial(23)	2542.95	+2.4	2483.79	2481.76	2473.56	1882.42	3.59	1.86	18.75	1.06	1426.41
79 Property(41)	1449.84	-0.1	1450.97	1448.30	1445.83	1380.10	4.29	1.32	22.10	2.51	880.77
80 INVESTMENT TRUSTS(127)	3149.37	-0.2	3157.02	3151.77	3146.62	2635.27	2.12	1.05	56.15	4.31	1091.40
89 FT-SE-A ALL-SHARE(902)	1826.35	-0.3	1832.41	1839.41	1838.74	1525.42	3.75	1.99	16.72	5.43	1521.90
FT-SE-A Fledgling	1142.41	......	1142.27	1142.63	1142.24	983.36	2.96	2.21	19.12	2.55	1182.88
FT-SE-A Fledgling ex Inv Trusts	1136.81	......	1136.60	1137.54	1137.15	984.65	3.25	2.41	15.92	2.68	1176.31

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3730.9	3731.1	3727.2	3715.6	3714.9	3711.7	3712.6	3717.4	3705.8	3735.4	3705.5
FT-SE Mid 250	4154.4	4156.7	4156.3	4150.9	4151.8	4150.6	4151.2	4152.9	4150.3	4156.8	4149.7
FT-SE-A 350	1859.7	1860.0	1858.3	1853.3	1853.1	1851.7	1852.1	1854.2	1849.4	1861.6	1849.3

Time of FT-SE 100 Day's high: 8.53am Day's low: 4.11pm. FT-SE 100 1995/96 High: 3761.3 (2/2/96) Low: 3578.9 (19/12/95).

FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1076.6	1075.6	1072.8	1067.5	1065.4	1063.2	1063.1	1062.7	1062.6	1062.6	1075.5	-12.9
Pharmaceuticls	5125.1	5111.7	5115.3	5109.9	5115.0	5112.7	5120.1	5143.4	5129.2	5132.3	5115.5	+16.8
Water	2114.6	2117.4	2115.3	2111.7	2111.4	2108.9	2109.6	2108.4	2104.6	2105.4	2111.2	-5.8
Banks, Retail	4241.7	4247.6	4245.5	4202.1	4207.7	4202.0	4197.6	4201.1	4187.3	4192.9	4238.3	-45.4

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from FT-SE International Ltd., The Podium, St Alphage House, 2 Fore Street, London, EC2Y 5DA.
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TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	2,100	412	-1
ASDA Group†	8,400	104½	
Abbey National†	3,100	593	-7
Albert Fisher	1,900	46½	
Allied Domecq†	5,600	508	-3
Anglian Water	254	582	+4
Argos†	314	579	
Argyll Group†	7,300	314	+2
Arjo Wiggins	2,400	179	-6
Assoc. Brit. Foods†	534	395	-2
Assoc. Brit. Ports	818	280	-3
BAA†	3,500	484	-5
BAT Inds.†	3,800	559	-8
BET	2,200	138	+2
BICC	1,300	283	-2
BOC†	1,000	923	-11
BP†	6,300	530	-1
BPB Inds.	1,700	311	-3
BSkyB†	640	389	-1
BT†	22,000	359	+2¼
BTR†	13,000	324	-4
Bank of Scotland†	2,100	265	-7½
Barclays†	6,200	784	-5
Bass†	2,800	734	-9
Blue Circle†	2,300	348	-10
Booker	48	371	+1
Boots†	2,200	601½	-2½
Britannic	1,900	754	-1
Brit. Aerospace†	2,600	836	-3
British Airways†	3,300	505	+1½
British Gas†	6,000	241½	-1½
British Land	1,200	395	-1
British Steel†	3,800	169½	-1
Bunzl	151	193	
Burmah Castrol†	272	988	+4
Burton†	4,200	125½	
Cable & Wire†	6,600	457	+3
Cadbury Schweppes†	2,700	532	-2
Caradon	2,600	215	-1
Carlton Comms.†	3,300	1022	-32
Coats Viyella	2,300	185	-3
Comm. Union†	1,300	614	+4
Compass	852	483	
Cookson†	1,900	286	-8
Courtaulds†	639	417	-11
Dalgety	1,800	426	+1
De La Rue	673	725	
Dixons†	2,400	423	-2
East Midland Elect.	1,200	728	+10
Electrocomps	824	342	
Eng China Clays	361	333	+13
Enterprise Oil†	2,300	394	+6
Eurotunnel Units	833	81½	-2½
FKI	1,000	158	-1
Foreign & Col. I.T.†	679	165¼	-1¼
Forte	32	348	-1
Gen. Accident†	633	635	+3
General Elect.†	4,400	361	-1½
Glaxo Wellcome†	4,900	930	-1
Glynwed	400	340	+1
Granada†	1,200	721	-10
Grand Met.†	2,900	439	+4
GUS†	1,200	682	-4
Greenalls†	847	577	-5
GRE†	2,200	251	-3
GKN†	550	828	-2
Guinness†	5,600	450½	-1½
HSBC (75p shs)†	2,100	1083	-8
Hammerson	145	337	
Hanson†	16,000	185	-5
Harrisons Crosfield	2,000	159	+4
Hays	1,300	367	
Hillsdown	1,000	176	-1
IMI	569	324	-3
ICI†	1,800	812	-1
Inchcape	809	284	-2
Johnson Matthey	702	569	-3
Kingfisher†	2,100	524	-1
Kwik Save	1,300	500	-2
Ladbroke†	1,800	172	-3
Land Securities†	3,500	617½	-1½
Laporte	489	694	-3
Legal & General†	792	691	-5
Lloyds Abbey	626	486	+2
Lloyds TSB†	10,000	324	-3
LASMO†	4,400	165½	
London Elect.	261	737	-8
Lonrho	9,000	204	-6
Lucas	1,600	194	+1
MEPC	359	404	
MFI	292	159½	-½
Marks & Spencer†	5,400	429	-1
Mercury Asset Man	195	861	-3
Midlands Elect.	1,900	397	+4
Morrison (Wm.)	2,500	149	+2
NFC	383	154	-3½
NatWest Bank†	3,000	656	-9
National Grid†	15,000	194½	-2½
National Power†	2,000	455	-2
Next	417	498	+1
Northern Elect.	536	609	+4
Northern Foods	503	199	-1
Pearson†	4,300	690	+5
P & O†	776	533	-6
Pilkington†	5,300	203	-3
PowerGen†	659	522	-3
Prudential†	3,900	437½	+2½
REXAM†	1,900	348	-8
RMC†	534	1022	-20
RTZ†	3,200	924	-8
Racal	276	289	
Rank Org.†	2,000	458	-11
Reckitt & Colman†	1,200	685	-7
Redland†	6,400	416	-1
Reed Intl.†	2,400	1013	-1
Rentokil†	1,600	358	-4
Reuters†	2,100	625	+2
Rolls Royce†	12,000	208	-8
Ryl Bk Scotland†	787	547	-11
Royal Insurance†	1,300	370	-3
Sainsbury†	3,400	387	-2
Schroders†	492	1240	-16
Scottish & New.†	3,200	692	-7
Scot. Hydro-Elect.	648	348	
Scottish Power†	6,700	385	-5
Sears	4,100	95	-1
Sedgwick	806	124	+2
Seeboard	5	534	
Severn Trent†	629	634	-4
Shell Transport†	3,700	849	-5
Siebe†	438	789	-7
Slough Ests	2,600	212	-2
Smith (W.H.)	374	410	-2
Smith & Nephew†	2,200	187	-2½
SmKl Beecham†	4,400	722	+6
SmKl Beecham Uts.†	2,200	717	+7
Smiths Inds.†	347	657	+1
Southern Elect.†	270	883	+1
South Wales Elect.	2	852	
South West Water	196	516	-1
Southern Water	228	690	-2
Standard Chartd.†	5,100	600	-15
Storehouse	1,700	298	-1
Sun Alliance†	1,300	370	-6
T&N	474	166	-1
TI Group†	1,200	466	-2
Tarmac	3,200	118	-1
Tate & Lyle†	865	483	-3
Taylor Woodrow	1,100	136	
TeleWest	829	142	-3
Tesco†	12,000	292½	-1½
Thames Water†	1,500	543	-6
Thorn EMI†	618	1589	-17
Tomkins†	2,600	271	-1
Trafalgar House	3,100	31¼	-¼
Unigate	215	432	-5
Unilever†	3,600	1362	-5
United Biscuits	1,700	241	-1
Utd. News & Media	14,000	652	+28
United Utilities†	884	595	-2
Vodafone†		232	+1
WPP	1,800	234	+1
Welsh Water	1,400	174	-1
Wessex Water	1,300	776	+6
Whitbread†	104	353	-2
Williams Hldgs.†	1,000	715	-5
Willis Corroon	840	335	
Wimpey	514	151	+2
Wolseley†	8,400	140	-3
Yorkshire Elect.	1,200	463½	-1¼
Yorkshire Water	771	725	-4
Zeneca†	791	815	-1
	1,100	1250	+8

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 index constituent. All trades are rounded.

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Feb 8 / Sch)

BELGIUM/LUXEMBOURG (Feb 8 / Frs.)

CZECH REP (Feb 8 / Koruna)

DENMARK (Feb 8 / Kr)

FINLAND (Feb 8 / Mka)

FRANCE (Feb 8 / Frs.)

GERMANY (Feb 8 / Dm.)

GREECE (Feb 8 / Drachma)

ITALY (Feb 8 / Lire)

NETHERLANDS (Feb 8 / Fl.)

NORWAY (Feb 8 / Kroner)

POLAND (Feb 8 / Zloty)

PORTUGAL (Feb 8 / Escudo)

SPAIN (Feb 8 / Pts.)

SWEDEN (Feb 8 / Kronor)

SWITZERLAND (Feb 8 / Frs.)

TURKEY (Feb 8 / Tk Lira)

PACIFIC

JAPAN (Feb 8 / Yen)

HONG KONG (Feb 8 / H.K.$)

INDONESIA (Feb 8 / Rupiah)

MALAYSIA (Feb 8 / MYR)

NEW ZEALAND (Feb 8 / NZ $)

SINGAPORE (Feb 8 / S$)

AUSTRALIA (Feb 8 / Aust$)

SOUTH KOREA (Feb 8 / Won)

TAIWAN (Feb 8 / TW $)

THAILAND (Feb 8 / Baht)

AFRICA

SOUTH AFRICA (Feb 8 / Rand)

NORTH AMERICA

CANADA

TORONTO (Feb 8 / Can $)

4 pm close

MONTREAL (Feb 8 / Can $)

4 pm close

† Priced in US $

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INDICES

INDEX FUTURES

■ CAC-40 (200 x Index)

■ DAX

■ OMX

■ SOFFEX

US INDICES

Dow Jones	Feb 7	Feb 6	Feb 5	1995/96 High	1995/96 Low	Since compilation High	Since compilation Low
Industrials	5492.12	5459.61	5407.59	5492.12 (7/2/96)	3832.08 (30/1/95)	5492.12 (7/2/96)	41.22 (2/7/32)
Home Bonds	105.76	105.88	105.81	105.91 (2/2/96)	93.63 (3/1/95)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1991.51	1991.75	1955.16	2082.11 (5/12/95)	1473.19 (3/1/95)	2082.11 (5/12/95)	12.32 (8/7/32)
Utilities	232.32	231.06	230.23	232.32 (7/2/96)	183.03 (3/1/95)	256.48 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 5520.30 (5483.82) Low 5423.84 (5371.82) (Theoretical♣)
Day's high 5492.13 (5459.97) Low 5452.02 (5397.11) (Actual♣)

Standard and Poors	Feb 7	Feb 6	Feb 5	1995/96 High	1995/96 Low	Since compilation High	Since compilation Low
Composite‡	649.93	646.33	641.43	649.93 (7/2/96)	459.11 (3/1/95)	649.93 (7/2/96)	4.40 (1/6/32)
Industrials¶	761.37	758.46	753.68	761.37 (7/2/96)	546.28 (3/1/95)	761.37 (7/2/96)	3.62 (21/6/32)
Financial	65.85	65.32	64.50	65.85 (7/2/96)	41.64 (3/1/95)	65.85 (7/2/96)	8.64 (1/10/74)
NYSE Comp.	346.32	344.68	342.26	346.32 (7/2/96)	250.73 (3/1/95)	346.32 (7/2/96)	4.46 (25/4/42)
Amex Mkt Val	562.59	559.86	557.27	562.59 (7/2/96)	433.12 (6/1/95)	562.59 (7/2/96)	29.31 (9/12/72)
NASDAQ Cmp	1084.88	1089.08	1083.34	1089.08 (6/2/96)	743.58 (3/1/95)	1089.08 (6/2/96)	54.87 (31/10/72)

■ RATIOS

	Feb 2	Jan 26	Jan 19	Year ago
Dow Jones Ind. Div. Yield	2.19	2.24	2.28	2.73
	Feb 7	Jan 31	Jan 24	Year ago
S & P Ind. Div. yield	1.88	1.91	1.95	2.42
S & P Ind. P/E ratio	19.86	19.43	18.96	18.96

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Micron Tech	22,361,700	41¼	-¼
WMX Tech	4,938,700	28¼	-¼
Texas Insts	4,178,200	53⅜	-1⅛
LSI Logic	4,116,100	35¼	-1
Barrick Gold	4,097,100	30½	-1¼
IBM	4,023,400	112⅞	-2
Cardinal Hlth	3,708,700	56⅞	-2½
Pepsico	3,688,000	64⅞	+3½
Sprint Corp	3,275,300	43¼	+1¼
Telefonos	3,254,500	32⅝	----

■ TRADING ACTIVITY

● Volume (million)

	Feb 7	Feb 6	Feb 5
New York SE	459.361	468.961	380.223
Amex	30.196	32.362	29.42
NASDAQ	627.110	604.487	524.976

NYSE	Feb 7	Feb 6	Feb 5
Issues Traded	3,118	3,116	3,091
Rises	1,209	1,390	1,258
Falls	1,139	938	1,099
Unchanged	762	788	742
New Highs	229	234	154
New Lows	10	14	18

■ S&P 500

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	651.55	651.30	-0.45	652.05	650.20	87,772	190,589
Jun	657.25	657.00	-0.40	657.30	656.05	1,015	10,403

■ Nikkei 225

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	20920.0	21090.0	+60.0	21200.0	20820.0	18,521	152,675
Jun	21000.0	21060.0	+20.0	21180.0	20950.0	1,449	23,643

Open interest figures for previous day.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, February 8, 1996

	Stocks Traded	Closing Prices	Change on day
Kawasaki Hvy Ind	14.1m	512	+22
Toshiba Corp	14.0m	882	+18
Japan Energy	10.4m	377	+12
Mitsubishi Hvy	10.3m	883	[illegible]
Mitsubishi Elect	9.9m	808	+16

	Stocks Traded	Closing Prices	Change on day
Hitachi	8.2m	1110	+20
Sanyo Elect	8.1m	265	+25
Nippon Stl Corp	7.3m	362	+4
Ishihara Hvy Ind	6.8m	483	+1
Kyokuyo	6.5m	1010	-80

4 pm close February 8

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995/96 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
22 1/8	12 1/8	AAR x	0.48	2.4	24	1264	20 1/2	20 1/8	20 1/4	
46 1/4	35	AMP x	1.00	2.4	21	6811	41 7/8	40 1/2	41 1/4	+7/8
83 3/4	53 3/8	AMR			33	8420	u83 3/4	81 7/8	82 7/8	+1 1/4
50 1/2	36 3/8	ASA	2.00	4.1	32	1682	48 7/8	47 1/8	48 7/8	+1/2
44 3/4	30 3/4	Abbott	0.84	1.9	20	10898	43 7/8	43	43 3/4	+3/8
18 7/8	12	Abitibi Pr	0.40	2.4	8	410	16 3/8	16 1/4	16 3/8	-1/8
28 1/2	21	ABM Ind	0.70	2.5	15	26	27 3/4	27 5/8	27 3/4	+1/4
17 1/2	13 1/8	Acpincein			10	138	15	14 3/4	14 7/8	+1/8
45 1/2	21 7/8	ACE Ltd	0.56	1.2	11	2423	u45 1/2	43 7/8	45 1/2	+1 3/4
9 7/8	8 1/8	ACM Gvt In x	0.90	9.2	8	688	u9 7/8	9 5/8	9 3/4	
7 7/8	6 1/2	ACM GvOpp x	0.66	8.5		161	u7 7/8	7 3/4	7 3/4	
7 1/2	5 3/4	ACM Gvt Sp x	0.75	10.3		629	7 1/4	7	7 1/4	+1/8
9	7 1/4	ACM Gvt Se x	0.90	10.1		340	u9	8 7/8	8 7/8	-1/8
9 1/2	7 5/8	ACM Man x	0.90	9.7		285	9 1/4	9 1/8	9 1/4	+1/8
23 3/4	10 1/4	AcmeClv x	0.52	2.7	4	138	19 1/2	18 7/8	19 1/8	+1/8
38 3/4	7 3/8	Acme Elect			63	80	7 3/4	7 5/8	7 5/8	-1/8
34 1/2	23 3/4	Acordia	0.72	2.5	15	9	28 5/8	28 1/2	28 5/8	+1/4
16 3/4	10 1/2	Acuson			44	532	14 1/4	13 3/4	14 1/8	
19 5/8	15 5/8	Adams Expr	0.36	1.9	0	176	19 3/8	19 1/4	19 1/4	-1/8
38 7/8	16 1/8	AdvMic			7	7644	20 5/8	20	20 1/8	-1/2
9 7/8	5	Advest Grp	0.16	1.7	9	64	9 3/4	9 5/8	9 5/8	-1/8
27 1/2	16 1/2	Advo Inc	0.10	0.5	21	137	21	20 3/4	20 7/8	
46 3/4	24.80	Aegon	1.28	3.1	15	168	41 3/4	41 1/2	41 5/8	-1/8

- B -

- C -

- D -

- E -

- F -

- G -

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Continued on next page

4 pm close February 8

NYSE COMPOSITE PRICES

Continued from previous page

1995/96 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18¼	9	SFeGd	0.05	0.3	55	15610	16⅞	16⅛	16⅝	-½
37⅞	30½	SFePPipe x	3.00	7.9	18	48	u37⅞	37⅝	37⅞	-⅛
35	24¼	SaraLee	0.78	2.2	20	13675	u35	34	34⅞	+½
60¼	39⅝	SBC Cm	1.65	2.8	19	11280	59½	58¾	59¼	-⅝
28⅝	20½	Scana Corp	1.44	5.1	18	1862	28½	28	28⅜	+¼
11¼	5⅞	SchawkA x	0.26	3.2	20	202	8⅛	8	8⅛	
50¼	37¼	SchererRP			20	4297	39⅞	39	39¼	+⅝
60¾	35½	SchPl x	1.16	2.0	23	8578	57⅜	56⅝	56⅞	-⅛
72	50⅜	Schlmb	1.50	2.1	26	7355	70⅞	69⅞	70¼	+⅛
28	11¾	Schwab(C) x	0.16	0.7	24	4975	24¼	23⅝	23⅞	-¼
27½	20⅝	SchwMaud				864	26½	25¾	26¼	-¼
24⅞	11⅞	SciAtl	0.06	0.3	38	6131	17½	16½	17¼	+¼
20	15⅞	Scotman	0.10	0.6	11	50	17⅜	17⅛	17⅜	+¼
43½	26⅞	Scripps	0.52	1.2	25	1175	43	42⅝	42⅞	+⅛
21½	13⅞	ScuddrNAsF	0.02	0.1		143	18	17⅞	17⅞	+⅛
11⅞	8⅝	ScuddrNEuF	0.16	1.4		949	11⅜	11¼	11¼	-⅛
20	13⅜	SeaCnB	0.70	4.2	1	5	16¾	16¾	16¾	-⅛
16¾	14⅝	SeaCt.4625	1.46	9.6		8	15¼	15¼	15¼	
61¾	23⅝	S'gate			11	9605	60¼	58¼	59⅞	-⅛
39½	25⅝	Seagrm	0.60	1.7	24	7256	35⅞	35	35⅞	+¼
22½	15¼	Seagul En			943	1266	19⅛	18¾	18⅞	+⅛
32⅝	18	Sealed Air			24	1585	31⅝	30⅜	31	-⅛
44⅞	30⅜	SearsR	0.92	2.1	11	13569	u44⅞	43⅞	44⅞	+⅝
20½	16⅜	SecCapStr x	1.24	6.2	23	761	20	19⅞	19⅞	-⅛
12⅞	10⅝	Seligm Sel	0.84	6.5		89	u12⅞	12¾	12⅞	+⅛
38¼	13⅝	Sensormat x	0.22	1.2	16	7831	17⅞	16⅞	17¾	+⅞
34¼	21⅞	SequaA	0.60	1.8	15	67	33½	32⅝	33½	+1⅛
41⅝	23	SequaB	0.50	1.2	21	25	40⅞	[illegible]	[illegible]	

AMEX COMPOSITE PRICES

4 pm close February 8

NASDAQ NATIONAL MARKET

4 pm close February 8

AMERICA

Dow loses momentum on weaker bonds

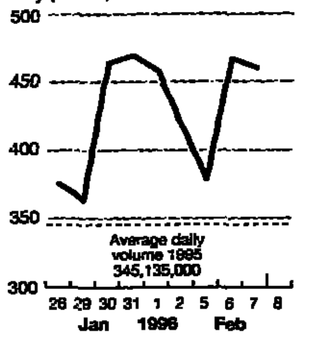
Wall Street

US shares drifted lower yesterday *morning* as the momentum which had fuelled a series of record highs weakened, *writes Maggie Urry in New York.*

Weighing on the market was a declining bond market, as the US Treasury completed its quarterly refunding programme. Traders suggested that once the lunchtime auction was out of the way the market could find some direction again.

By 1 pm the Dow Jones Industrial Average was off 7.94 at 5,484.18. The Standard & Poor's 500 was 0.15 higher at 650.08 and the American Stock Exchange composite was little changed at 562.70, up 0.11. The Nasdaq composite index celebrated the market's 25th birthday with a 3.09 points increase to 1,087.97. Volume on the NYSE came to 250m shares.

NYSE volume



The Dow was affected by a 3 per cent fall in the price of General Motors, down $1⅝ to $51⅛, with the other car stocks also weak as cyclical shares generally fell. Ford was down $¼ at $29⅝ and Chrysler $1⅝ at $57.

By contrast, consumer stocks were firmer. Colgate-Palmolive rose $3¼ to $75¾, on fourth-quarter earnings which were lower by less than feared. Other consumer goods and food shares were also higher as investors looked for defensive plays. Procter & Gamble rose $1¼ to $85, Kellogg by $1⅝ to $78¾, Hershey by $1⅜ to $75 and Campbell Soup by $1¼ to $65.

Reports that talks between Nynex and Bell Atlantic, two of the Baby Bell local telephone groups, had stopped short of a full merger discussion knocked both shares. Nynex fell $3⅛ to $56 and Bell *Atlantic lost $1¼ to $71⅛.*

Shares in the insurance sector were firm, led higher by Cigna, up $3⅝ to $121 as the company said it had won approval for its restructuring plan to spin-off its environmental liabilities into a separate entity. AIG rose $2¼ to $100⅞ while General Re was up $1½ to $147⅞.

The traumas continued at Apple Computer, which last week ousted its chief executive and broke off merger talks. It said that rumours of the talks had affected consumers' purchases and, as a result, its second quarter loss would be "significantly" worse than that in the first quarter. The *shares* fell $⅝ to $27⅞.

Sun Microsystems, which had been Apple's bidder, gained $1 to $48½. Among other technology stocks, Adobe Systems gained $2¼ to $37⅞ although the shares are still well down this year.

Canada

Toronto was pulled lower by falling gold shares, leaving the TSE 300 composite index 18.32 softer by noon at 5,008.18 in volume of 50m shares.

Among gold issues, Barrick Gold fell C$¾ to C$41, while Placer Dome was marked C$⅞ down to C$38⅛.

Company earnings also turned the spotlight on a number of companies. Fairfax Financial Holdings rose C$2 to C$105 after Wednesday's news that fourth-quarter earnings soared to C$4.74 per share from the year earlier figure of C$1.85.

CAE, the electronics company, rose C$¾ to C$10⅞ in spite of a warning that fourth-quarter earnings could be below the third-quarter's.

Caracas advances 7%

There was no stopping CARACAS as foreign demand for the country's equities continued to flood in. Brokers noted that Brady bonds had also been doing well.

The IBC index was 168.06 or 6.9 per cent stronger at 2,578.35 by the close.

MEXICO CITY was in a holding pattern, which was clearly demonstrated by lacklustre volume. By midsession the IPC index was up 12.44 at 3,023.27.

Brokers said that there was still considerable selling of Telmex ADRs following the telephone utility's disappointing earnings results earlier in the week.

SAO PAULO opened weaker while most investors awaited a vote on the government's social security reform programme later in the session. By midday the Bovespa index was down 270 at 52,560.

The vote had been scheduled for Wednesday, but it was postponed while the government, trade union leaders and other politicians tried to iron out differences over the content of the proposal.

South African golds retreat

Equities weakened as the golds sector fell back in response to a decline in the bullion price. Dealers noted that industrials also retreated in line with the trend, but that it took some time for the sector to react. Foreign institutions were active buyers during the morning session.

Selling was not heavy, with few large trades being reported; and this suggested that the market could stage a recovery today. The overall index shed 77.8 to 6,882.5, the industrials index was down 70.7 to 8,494.5 and the golds index dived 95.2 or 5 per cent to 1,822.6.

De Beers receded R3 to R122.75, Goldfields R4 to R140, Amgold R13 to R400 and Driefs R3.25 to R59.50. Vaal Reefs dropped R28 to R372 and Freegold R1.75 to R41.25.

EUROPE

Defence stocks strengthen as Paris banks fall

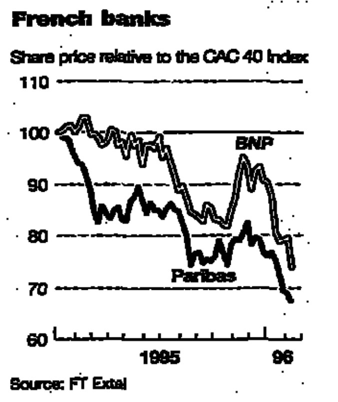
Profit-taking hit **PARIS**, which shrugged off the 10 basis-point cut in the intervention rate, and dropped the CAC-40 index by 27.13 to 1,956.16.

Defence stocks, however, strengthened as reports circulated about plans to restructure the French defence industry. Thomson-CSF gained FFr5.60 at FFr131.90, Lagardere FFr4.40 at FFr128.10 and Dassault Aviation FFr14 at FFr430.

Canal Plus fell again, this time by FFr40 or 4.2 per cent to FFr913, on news that CLT, of Luxembourg, had agreed to a digital television accord with Mr Rupert Murdoch's News Corp, rather than with the *French company. Under the* terms of the deal, CLT and News Corp would join forces to develop digital television projects, first in Germany and then in France.

BNP suffered on two counts: a technical downgrading by a French broker, and fresh worries about the bank's involvement with the heavily indebted Eurotunnel. The shares dropped FFr7.90 to FFr188.80, with doubts about refinancing of the cross-Channel operator featuring large in investors' minds.

French banks



Source: FT Extel

Paribas slipped FFr5.30 to FFr249 as Standard & Poor's, *the US credit ratings agency,* put the bank on a credit watch owing to a possible threat to the profitability of some of its banking units.

FRANKFURT complained of bond market weakness, and there was some late softening in the dollar, as the Dax index fell back to close 30.94 or 1.3 per cent lower at an Ibis-indicated 2,411.49.

However, Mr Matthias Welticke at Merck Finck in Düsseldorf also felt that the market was taking profits after its new year rally; a wide range of cyclicals and defensive stocks all suffered on the day.

Hoechst lost DM10.85 or 2.4 per cent at DM443.65. After hours, Mr Jürgen Dormann, the chairman, said that the group had no firm plans to close suburban plants, in spite of speculation that a rash of chemical spills might force the group to shut down some factories and discard workers.

Winners included Adidas, up DM2 at DM87. Mr Welticke said that new issue stocks had been holding up well: Schwarz Pharma rose another DM1.30 to a new high of DM76.30 and Merck, another big drugs group, fell by a relatively modest 29 pfgs to DM59.71.

AMSTERDAM saw some *early selective buying of* high yield stocks give way to profit-taking, and the AEX index peaked at 506.77 before retreating to a close of 501.72. Brokers said that the market seemed to be in a holding pattern ahead of next week's start to the 1995 corporate reporting season.

One exception was ASM Lithography, up Fl 2.20 to Fl 78.50. The company, which manufacturers machines used to make semiconductors, said that it expected considerable growth in earnings over the next five years.

ZURICH turned back after a firm opening as weak and volatile bond futures pressured financials. The SMI index finished 17.1 lower at 3,245.6.

FT-SE Actuaries Share Indices

Feb 8					THE EUROPEAN SERIES			
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1554.53	1553.09	1551.24	1549.53	1546.08	1546.94	1546.33	1546.69
FT-SE Eurotrack 200	1661.53	1659.74	1657.31	1655.39	1653.77	1654.87	1654.90	1655.03

	Feb 7	Feb 6	Feb 5	Feb 2	Feb 1
FT-SE Eurotrack 100	1557.63	1551.45	1548.16	1568.84	1570.74
FT-SE Eurotrack 200	1663.79	1662.29	1658.34	1675.89	1670.62

Base 1000 (26/10/90); High/day: 100 - 1554.53, 200 - 1661.92 Low/day: 100 - 1545.73 200 - 1652.80 † Partial

UBS lost SFr17 to SFr1,194 on profit-taking after Wednesday's expiry of a large warrant issue that had been supporting the price. In insurers, Swiss Re fell SFr17 to SFr1,194.

SMH, the watchmaker, fell SFr10 to SFr719 after data showed late on Wednesday that Swiss watch exports fell last year, in Swiss franc terms, for the first time in 10 years. Analysts commented that the figures raised questions about whether the company had experienced a poor Christmas sales period.

Mid cap stocks continued to see some strong demand. Kuoni, up 27 per cent since the beginning of December, picked up another SFr30 to SFr2,160. James Capel, which recommended the stock, noted that Kuoni had been a relative underperformer over the past two years and was undervalued on almost every measure. The travel industry looked set for steady growth and Kuoni was likely to grow at least as fast as the industry as a whole.

MILAN took heart at indications that the prime minister designate, Mr Antonio Maccanico, was moving ahead in forming a new government. The Comit index rose 4.90 to 632.85 while the real-time Mibtel index, registering growing optimism as the day progressed, picked up 157 to 10,156.

Eni, the energy group, added L72 to L6,096, helped by foreign demand. Fiat rose L111 to L5,295 and Pirelli was L81 ahead at L2,272.

Financials featured a L82 advance in BCI to L3,698; rebounding telecoms saw Telecom Italia gain L72 at L2,709, *and Tim L64 at L2,960.*

STOCKHOLM fielded slightly lower than expected results from Ericsson and a 2 per cent drop in forestries as the Affärsvärlden General index fell 5.4 to 1,795.5, its decline braked by a 1.2 per cent *rise in* drugs stocks. Ericsson Bs fell SKr3 to SKr142.50, undermining **HELSINKI**'s Nokia A, which dropped FM4 to FM172 as the Hex index shed 9.88 at 183.28.

BRUSSELS saw Solvay, the chemicals group, buck the trend with a rise of BFr75 to BFr18,000, just ahead of announcing a 56 per cent rise in its 1995 earnings, in line with analysts' forecasts.

The Bel-20 index lost 6.98 to 1,685.24.

ISTANBUL lost 2 per cent as political parties failed once more to form a government, and it became likely that a new general election would have to be called, probably in June. The composite index lost 1,126 or 2 per cent to 50,920.54. Turnover was TL12,011bn.

Analysts said that the threat of another election campaign would lead to a period of excessive volatility in the market.

Written and edited by William Cochrane, Michael Morgen and John Pitt

ASIA PACIFIC

Deregulation plans push Nikkei above 21,000 level

Tokyo

The Nikkei average closed above the 21,000 level for the first time in 19 months, following the government's easing of foreign investment and pension fund management regulations, *writes Emiko Terazono in Tokyo.*

The 225 index was up 174.81 at 21,118.30 after moving between 20,911.00 and 21,150.39. A rise in the dollar, owing to the government's afternoon announcement of its deregulation plans, boosted purchases of export-oriented stocks, especially in the high-technology sector.

Volume was 620m shares, against 883m. The Topix index of all first section stocks rose 7.93 to 1,630.07 and the Nikkei 300 firmed 1.79 to 304.70. Advances led declines by 554 to 499, with 167 issues unchanged.

In London the ISE/Nikkei 50 index lost 3.19 at 1,431.27.

Along with deregulation measures for foreign investments, the Ministry of Health and Welfare announced the easing of pension fund management, which would allow greater fund flows into the equity market. The dollar rose briefly above the Y107 level, while the prospect of higher stock prices boosted futures.

High-technology and electrical issues led the rally as domestic institutions bought *consumer electronics stocks,* including Sony, up Y130 at Y6,650, and Matushita Electric Industrial, Y16 ahead at Y808.

The yen's fall supported shipbuilders: Kawasaki Heavy Industrial, the day's most active issue, rose Y22 to Y512 and Hitachi Zosen Y5 to Y561.

Banks were mixed amid continuing parliamentary wrangling over the controversial housing loan bailout plan. The New Frontier party, the leading opposition group, once again withdrew from budget negotiations in protest at the lack of information over the housing loan rescue scheme. Dai-Ichi Kangyo Bank rose Y10 to Y2,070, but Bank of Tokyo shed Y10 to Y1,730.

Higher crude oil prices prompted buying in oil refiners. Japan Energy gained Y12 at Y377 and Cosmo Oil jumped Y41 to Y585. The rise in copper prices, meanwhile, strengthened electric wire shares. Furukawa Electric climbed Y14 to Y595 and Sumitomo Electric Industries Y20 to Y1,440.

Speculative stocks, which have gained over the past few days, slipped on profit-taking. Kyokuyo, the fishing company, fell Y60 to Y1,010 and Kanebo shed Y12 to Y360.

In Osaka, the OSE average moved up 112.19 to 22,636.36 in volume of 203m shares.

Roundup

Karachi was closed to mark the death of a stock exchange member.

TAIPEI weakened on profit-taking following a gain of 1.5 *per cent on Wednesday, but* brokers generally remained positive about the short term outlook. The weighted index lost 17.37 to 4,741.46 in turnover of T$16.3bn.

The central bank was due to hold a board meeting late yesterday and there was speculation that it would announce a lowering in banks' reserve requirements.

The Economics Ministry said last week that it was proposing a package to boost the economy. Dealers also noted that the government and the ruling Nationalist party had also been active to support the market.

Electronics and textiles were weak, but cement shares rose on hopes for an increase in prices. Taiwan Cement gained 20 cents at T$35.80.

BANGKOK fell below the 1,400-point resistance level in moderate trade as worries emerged over an increase in the margin rate. The SET index dipped 12.07 to 1,396.66 in turnover of Bt9.5bn.

In spite of the market's overall decline, brokers *did notice* foreign buying in Cogeneration and Media of Medias, two of four new stocks which made their market debut yesterday.

Cogeneration topped the active list, rising to a premium of Bt33.50 over its IPO price of Bt58, to close at Bt91.50. Media of Medias, the second most active, made Bt51 from its IPO price of Bt125 to close at Bt176.

HONG KONG was dragged down by the futures market and the Hang Seng index relinquished 56.82 at 11,231.77, after an intra-day low of 11,260.10. Turnover dropped to HK$5.7bn from Wednesday's HK$12.6bn.

Dealers also remarked that investors were watching out for results from Bank of East Asia, which were due after the market close. The stock declined HK$1 to HK$30.70.

Cheung Kong, which placed 100m shares at HK$53 each late on Tuesday, topped the most active list as it eased 25 cents to HK$54.25. Hutchison lost 50 cents to HK$51.50.

Utilities were heavily sold: China Light retreated 30 cents to HK$38, HK Electric slid 35 cents to HK$26.75 and HK Telecom slipped 10 cents to finish at HK$15.60.

SYDNEY was lifted by News Corporation as the All Ordinaries index firmed 1.4 points to 2,275.1.

News Corp, which reported higher than expected first-half profits of A$663m, closed 30 cents or 4.3 per cent ahead at A$7.22 after touching a day's peak of A$7.24.

WELLINGTON was not helped by Telecom announcing a record third-quarter result. *The NZSE-40 Capital Index* declined 4.28 to 2,109.67 as Telecom receded 5 cents to NZ$6.44. Turnover was low at NZ$38m.

Brokers said that Telecom's third-quarter earnings confirmed a strong performance, *but came in at the lower end of forecasts.*

MANILA was upset by a fall in the index heavyweights, Petron and San Miguel, and the composite index slid below its support of 2,850 to settle down 37.35 at 2,845.59. Turnover was 1.6bn pesos.

SMC dipped 3.50 pesos to 99.50 pesos and Petron 75 centavos to 18 pesos on renewed worries about proposals to deregulate the oil industry.

SINGAPORE's overseas buyers stayed away, local dealers took profits after a 10 per cent index gain this year, and the Straits Times Industrial index *fell 14.76 to 2,477.17.*

Foreign demand supports Bombay

A surge of foreign buying sent Bombay up 5.5 per cent yesterday, lifting the Sensex index by 178 points to 3,380.04 in the market's best one-day rise since September 1994, writes Mark Nicholson in New Delhi.

Bombay traders said the rally was driven by US and other foreign institutional buyers newly entering the market, sentiment encouraged by a steadying of the rupee at just over Rs37 to the dollar.

"There is a feeling that the rupee might be near the bottom and, with Indian prices already cheap, now is the time to buy," said the chief trader of one foreign institution.

The market has been trading at an average 11 times prospective 1996 earnings, *among the cheapest in Asia,* and Bombay-based foreign houses have been advising clients to position themselves for an expected rally after April's election.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY FEBRUARY 7 1996 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY FEBRUARY 6 1996 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (81)	197.40	0.2	190.29	132.30	151.61	173.83	0.1	3.85	197.01	189.82	131.47	150.75	173.61	199.13	157.95	160.27
Austria (26)	189.50	0.1	182.67	127.00	145.54	145.37	0.5	1.48	189.36	182.26	126.37	144.80	144.72	199.28	167.48	189.23
Belgium (34)	214.71	-0.1	206.97	143.90	164.90	160.86	0.3	3.27	214.99	206.93	143.47	164.50	160.43	215.51	185.86	187.38
Brazil (28)	165.46	-1.0	159.50	110.89	127.08	297.95	-1.0	1.82	167.14	160.88	111.54	127.89	300.96	170.25	86.09	139.24
Canada (101)	157.77	0.1	152.09	105.74	121.18	158.27	-0.4	2.40	157.65	151.74	105.20	120.63	158.94	157.77	125.84	128.97
Denmark (33)	300.82	0.4	290.08	201.68	231.12	234.03	0.6	1.40	299.62	288.57	200.07	229.41	232.25	302.74	252.41	254.87
Finland (24)	187.84	-0.1	181.07	125.89	144.26	180.04	0.7	1.77	187.97	180.92	125.43	143.83	178.74	276.11	171.13	188.14
France (99)	184.87	-0.1	178.21	123.87	142.06	147.23	-0.1	3.09	185.72	178.75	123.93	142.11	147.34	191.17	161.53	163.61
Germany (60)	170.80	0.2	164.74	114.53	131.25	131.25	0.6	1.87	170.54	164.15	113.81	130.49	130.49	171.28	142.25	142.25
Hong Kong (59)	443.56	-0.3	427.60	297.28	340.66	440.29	-0.3	3.22	444.89	428.19	296.87	340.40	441.59	448.01	316.35	322.37
Ireland (16)	259.09	0.0	249.76	173.64	199.00	230.33	0.3	3.33	259.03	249.31	172.86	198.20	229.65	262.70	205.44	211.07
Italy (59)	78.51	-0.2	75.68	52.62	60.30	92.34	0.0	1.62	78.64	75.69	52.48	60.17	92.38	82.71	65.45	81.58
Japan (482)	154.20	0.9	148.65	103.35	118.43	103.35	1.3	0.74	152.87	147.14	102.02	116.97	102.02	164.82	136.95	143.84
Malaysia (107)	526.60	-0.2	507.65	352.93	404.43	514.67	-0.2	1.63	526.53	506.75	351.37	402.86	515.79	561.96	425.77	472.56
Mexico (18)	1168.41	-1.1	1126.32	783.07	897.37	9551.74	-0.9	1.46	1180.89	1136.59	788.02	903.57	9636.15	1237.14	847.81	1105.62
Netherland (19)	279.62	-0.1	269.55	184.92	211.92	208.35	0.3	3.13	276.22	266.86	184.33	211.35	207.80	280.49	219.14	219.14
New Zealand (14)	80.50	-0.1	77.60	53.95	61.83	63.39	0.2	4.59	80.55	77.53	53.75	61.63	63.24	85.46	72.27	72.36
Norway (33)	231.87	0.1	223.52	155.26	177.93	202.71	0.3	2.16	231.49	222.81	154.48	177.13	202.22	243.79	202.78	214.46
Singapore (44)	458.21	-0.7	439.78	305.75	350.38	297.34	-0.8	1.36	459.58	442.34	306.69	351.66	299.66	465.21	342.37	348.51
South Africa (45)	435.58	0.7	419.87	291.91	334.52	346.84	0.7	3.39	432.44	416.22	288.57	330.89	344.45	437.76	301.17	301.49
Spain (37)	165.36	-0.1	159.40	110.82	127.00	156.73	0.2	3.86	165.45	159.24	110.41	126.59	155.45	168.91	124.10	135.27
Sweden (47)	306.86	0.6	297.86	206.64	237.15	300.90	0.6	1.87	306.86	295.37	204.79	234.81	318.69	324.31	232.23	242.43
Switzerland (36)	224.24	-0.1	216.16	150.29	172.22	167.72	0.2	1.59	224.59	216.16	149.87	171.85	167.29	239.55	165.55	165.55
Thailand (46)	193.08	-0.4	186.10	129.39	148.27	188.23	-0.4	1.86	193.95	186.67	129.42	148.40	190.03	193.95	130.15	155.85
United Kingdom (206)	231.05	-0.6	222.72	154.83	177.45	222.72	-0.5	4.19	232.50	223.81	155.17	177.93	223.81	232.52	192.74	193.90
USA (632)	264.65	0.5	255.12	177.37	203.26	264.65	0.5	2.17	263.30	253.42	175.71	201.47	263.30	264.65	196.84	197.13
Americas (779)	241.87	0.5	232.97	161.97	185.61	203.12	0.5	2.18	240.54	231.51	160.52	184.05	202.20	241.87	180.00	181.24
Europe (731)	202.96	-0.3	195.67	135.03	155.89	178.00	0.0	3.02	203.51	195.87	135.80	155.72	175.99	204.32	169.48	169.80
Nordic (137)	276.35	0.4	266.39	185.21	212.24	245.58	0.6	1.80	273.19	264.87	183.64	210.57	244.03	295.02	222.22	231.95
Pacific Basin (833)	167.45	0.7	161.41	112.22	128.60	115.31	1.0	1.15	166.34	160.10	111.00	127.28	114.16	171.87	145.95	153.60
Euro-Pacific (1564)	182.14	0.2	175.58	122.07	139.89	138.39	0.5	2.02	181.72	174.90	121.27	139.05	137.63	183.39	156.37	160.25
North America (733)	258.04	0.5	248.74	172.93	198.18	257.27	0.5	2.18	256.76	247.12	171.34	196.46	256.14	258.04	192.52	192.79
Europe Ex. UK (526)	183.18	-0.1	176.58	122.77	140.69	148.63	0.3	2.39	183.28	176.39	122.30	140.23	149.21	184.61	152.75	158.98
Pacific Ex. Japan (351)	290.15	-0.2	279.70	194.46	222.84	254.49	-0.2	2.89	290.70	279.80	193.99	222.44	255.01	291.91	228.45	230.36
World Ex. US (1756)	184.06	0.2	177.42	123.35	141.36	142.80	0.5	2.06	183.65	176.76	122.55	140.52	142.09	184.71	156.72	160.80
World Ex. UK (2183)	206.66	0.4	199.22	138.50	158.72	173.34	0.6	1.90	205.75	198.03	137.30	157.43	172.30	206.66	166.82	168.49
World Ex. Japan (1906)	239.23	0.2	230.61	160.33	183.74	225.41	0.3	2.52	238.78	229.83	159.34	182.71	224.82	239.23	186.90	187.08
The World Index (2386)	208.86	0.3	201.33	139.97	160.41	177.88	0.5	2.10	208.13	200.33	138.89	159.26	176.98	208.86	169.20	171.65

Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: How to influence your interviewer by mirroring body language

Learning to imitate the ducks

Do you want to discover the 11 secrets of influencing people at interviews? Science has shown that it is possible to guarantee a successful response from an employer by following a few easy steps. How to achieve a sure-fire way of winning people over can be demonstrated in this personal guide.

Hooked yet? If that paragraph succeeded in capturing your attention, it may help to explain some of the success behind *Reader's Digest's* ability to influence buying decisions over the years. It used a variety of key words and phrases that have proved powerful stimuli in *Reader's Digest* advertising. Apparently it is important to attach a number to the "secrets" that are being revealed because people are often enticed by the challenge to remember them all.

But the words have their own power, and one word is more powerful than any other in influencing people, according to John Caples, an advertising copywriter who studied words in advertisement headlines that most often captured buyers. That word is "you". He found that the second most powerful word was "your".

Caples' observations are recalled in a new book by Tom Lambert called The Power of Influence which examines the use of influencing skills in the workplace.

While words have their place, he also makes a point about influencing people using body language, and suggests trying out the following experiment in social discourse the next time you are sitting across the desk from someone in the office.

Find a colleague who is alone and take up a position, not too obviously, in their line of sight. Carefully mirror their position, paying attention to posture, facial expressions and the way that arms and legs are folded. The more detailed the copy, including mirroring the subject's apparent disposition, the more physically and emotionally you have become attuned to their pose, the more likely you are to succeed with the next stage of the experiment.

After a few minutes, move an arm or hand and see if they follow. If they do not, return to the previous mirroring position and try again when you judge the time is right. Lambert insists the subject will follow your action.

You are then in a position to use your power over them constructively, lightening your expression and posture. "You may be doing them more good than you will ever know," writes Lambert.

This is the first stage, he writes, of building an effective rapport with another person. This mimicry in rapport-building is achieved by some people quite naturally. Copying accents, gestures and postures is not uncommon. Recognising that someone is copying your mannerisms or movements is an important observation that tells you that you are in a position to exert further influence. The technique is used by psychiatric nurses in calming over-emotional patients.

To lapse back into the language of *Reader's Digest* for a moment, medical evidence has shown that if you accurately copy the posture of another person, it is not only your habits that begin to empathise. Breathing and heartbeat become synchronised and pupil size becomes the same. Lambert ventures that in those circumstances, it may be quite possible to share thoughts and feelings. Suddenly all those hours spent watching Star Trek on TV seem worthwhile.

But none of the former is science fiction. It is a lesson drawn from neuro-linguistic programming, or NLP for short. Nor is it confined to humans. Ducks do this sort of thing all the time before they mate.

Techniques useful for making friends with an interviewer are just part of the repertoire of professional influencing skills covered in Lambert's book which makes some of the more interesting psychological observations in the field accessible to the general reader.

The Power Of Influence, Intensive Influencing Skills At Work, by Tom Lambert, is published by Nicholas Brealey Publishing, price £20 hardback, £12.99 paperback.

Easy Money

How much is a Member of Parliament worth? No matter how this question is framed it always seems to invite a derogatory response, such is the standing of politicians who occupy a place in the public mind somewhere between the road and the pavement, only slightly closer to the sewer than journalists.

Many MPs believe their existing salaries of £34,082, for a backbencher, should be doubled. But is the job worth so much?

Some years ago, Hay Management Consultants applied its system of awarding points for certain job responsibilities to arrive at a fair evaluation of the job.

It concluded that an MP's job could be compared to a post in higher middle management. The salary, at the time, therefore was pegged to that of a medium grade civil servant, a job which is to disappear in its current format.

The job of an MP did not rank highly, using the Hay criteria, because there was no great degree of individual accountability. Vicky Wright, managing director of Hay in the UK, says that it is difficult to match the job of MP with a job in industry because of the differing dimensions of the respective roles. She says: "If you look at it through Hay job evaluation eyes, you have to ask what is the problem solving requirement." What indeed?

The evaluation was looking strictly at the job and not at the people doing it. Wright points out that people come to parliament with a wide variety of qualifications, many of which would equip them to do a much bigger job outside. "A number of MPs, particularly Conservatives, are actually doing smaller jobs than their skills and abilities would suggest they could do outside," she points out.

The problem here, suggests Wright, is that because many MPs can do these bigger jobs, they make the mistake of believing their existing parliamentary jobs are bigger than they really are.

A reasonable case for a substantial pay rise might be possible if the job itself were redefined – if some performance criteria were added, perhaps borrowing from some of the fashionable techniques of human resource management. There could be a voting bonus, a constituency case load or surgery bonus and a Hansard debate payment kicking in when a contribution during any particular session had reached a certain level.

Philip Cohen, the Hay consultant who worked on the MPs' job evaluation, believes there is a much better case for ministers receiving a substantial pay rise, since private sector salaries have left them far behind.

There is an additional general observation about pay, prompted by the evidence which emerged last week of National Health Service Trust chiefs enjoying pay rises in the last financial year of twice the rate of those paid out to nurses.

Pay differentials in the UK have tended to work like a squeeze box, depending upon the political regime in control. Under Labour, differentials tend to become compressed, whereas once the Conservatives take over, they expand again.

In addition to this, the crop of privatisations and the development of health service trusts have unshackled some senior public sector jobs from their former pay and contractual structure, allowing them to find a new level which is inevitably higher. The breathtaking scale of this pay expansion among the public utilities was behind the formation of the Greenbury committee on directors' pay.

The disparity between chief executives' pay in different health service trusts, ranging from something over £30,000 to something over £100,000 in a few cases, is only matched by the volatility of job turnover. One post had four incumbents in a year. Average turnover is 28 per cent. Given the often high costs of recruitment to a senior post, the real cost of these positions to the health service is far higher than their salaries would suggest.

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Newton is a privately owned and independent investment house with a record of steady growth and investment performance. The £9.9 billion of assets under management consist of institutional funds, private client assets, unit trusts and personal equity plans. The company places great emphasis on the development, maintenance and quality of service to all clients. We are seeking to appoint a client services executive for our institutional clients who will also have responsibility for portfolio analysis work and who will report directly to the Director of Client Services.

The ideal candidate is likely to be a qualified accountant or actuary working in a similar position within the investment management industry or with an adviser to pension fund trustees. The specific skills and experience we are seeking are:

- strong analytical skills
- the confidence to deal at the highest levels
- excellent communication and presentation skills
- proven organisational and administrative ability

If you are interested in this position please write, enclosing a full curriculum vitae and stating your current salary, to:
Colin D Campbell, Group Personnel Director, Newton Investment Management Limited,
71 Queen Victoria Street, London EC4V 4DR

CORPORATE & PROJECT FINANCE

PROJECT FINANCE MODELLER
c£35,000 + Exc Bonus

The client, a major UK Bank, has a well established and highly successful Project Finance team. Due to the volume of international transactions, they require an additional team member to maintain the quality of business and sustain the success. Working with a highly professional and well regarded team, you will provide invaluable assistance across a wide industry sector spread in the provision of highly complex financial models to support transactions. Candidates will be highly numerate, possessing a high class degree in a mathematically based subject. Previous experience will include the creation of financial models and spreadsheet analysis ideally gained within project finance. Exposure to a similar field will equally be considered. A second European language would be preferred. Sound interpersonal, analytical and team playing skills are essential.

CORPORATE FINANCE EXECUTIVE
c£35,000 + Exc Bonus

One of the worlds largest banks based in london with a highly prestigious UK and overseas client portfolio wish to appoint executives to the Corporate Finance team. Due to sustained growth in business volumes and internal promotion the successful candidates will enjoy a varied and constant deal flow offering significant world-wide exposure and excellent entry level experience and training. The organisation is keen to grow organically and therefore requires the highest calibre personnel. Candidates will possess a numerate degree at 2(i) or above and ACA 1st time passes within a top practice. Alternatively a European background together with relevant experience of cash flow analysis or financial modelling would also be considered. European languages would be a distinct advantage.

As specialists in the Project and Corporate Finance areas we are interested in hearing from candidates at all levels for a variety of additional assignments

For further information please contact David Goodrich or Julian Davey

PRIME executive APPOINTMENTS

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■

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ORD MINNETT FLEMING MARTIN

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Opportunity for equity

A privately owned Investment Management company which has seen rapid growth with the successful launch of a number of institutional funds investing in North America, Central Europe and India, is looking to build its private client investment management business. The company provides traditional portfolio management for private clients and, in addition to its international funds, it has expertise in UK and European equities and international bonds.

The successful candidate will take responsibility for UK investment portfolios, including the existing in-house PEP, and will be expected to attract additional clients to the firm. The position would suit an experienced private client fund manager attracted by the opportunity of joining an entrepreneurial and growing fund business in which he/she can make a significant contribution to its future success. A good investment track record, a solid base of private clients and an ability to work in a team environment are essential characteristics for this position.

There is an opportunity to become a shareholder in the business.

To apply, please send your CV to: Mike Ashby, TCS Advertising, 35 Garway Road, London W2 4QF. Quoting reference FT/C1

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Our client is a highly prestigious and profitable European bank with an excellent reputation for strength, commitment and stability. The bank's credit rating enables it to build and maintain client relationships throughout the world by providing a full range of corporate banking and specialised financial services.

Due to its continuing success the bank now wishes to expand the corporate banking department by appointing two high calibre professionals both with highly developed credit and risk analysis skills. Candidates are likely to be aged 27-30 with at least 3 years experience in their respective areas. Both positions require a confident self-starter capable of working autonomously within a team environment. First class interpersonal, communication and presentation skills are also essential. The roles are as follows:

Specialised Finance
- Possibly ACA qualified
- Strong analytical skills
- Experience of tax based products
- Knowledge of asset-based finance
- Good track record

Credit Analyst
- Assessment of a wide range of UK and European corporate and financial institutions
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These are both superb opportunities which offer strong career development potential.

Interested applicants should contact Gordon McDougall on 0171 248 2999 or alternatively send a detailed CV to him at J.J. Executive Search, 35/37 *Ludgate Hill, London EC4M 7JN (Fax: 0171 248 2888)*

JJ Executive Search

ACCOUNTANCY APPOINTMENTS

Group Finance Director

Central London — **to £55,000 + Car + Bens**

Our client is a diverse, privately held group with operations in the manufacturing, property investment and transportation sectors. The group has recently undergone a programme of portfolio rationalisation and restructuring, providing a greater focus upon its businesses with the greatest profit and growth potential. It is now poised for development from a current turnover base of £35million per annum.

There is an outstanding opportunity for a Group Finance Director to join the Board, to assume responsibility for the financial management of the group, reporting to the Chief Executive. Key features of the role include contribution to the group's strategic direction, improvement in the quality and efficiency of management information flow and strong working capital management.

Candidates, aged at least 30, will be graduate qualified accountants who have substantial board level exposure and who can demonstrate both experience of, and continuing commitment to business process and profit improvement. Experience of group reporting environments is essential, and tax planning, balance sheet control and MIS development are core technical competencies. Personal attributes will include strong intellect, a high degree of motivation and all-round commercial vigour.

Applicants should forward a comprehensive curriculum vitae, quoting reference 269789 to
Jon Boyle ACA, Executive Division,
Michael Page Finance, Page House,
39-41 Parker Street, London WC2B 5LH.

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Finance Director
Process Engineering

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Our client, a subsidiary of an International group based in Continental Europe, is a leading supplier of process equipment and engineering solutions to major clients in both private and public sectors. They employ some 170 people and generate an annual turnover in excess of £30 million.

The company seeks to appoint a commercially oriented Finance Director, at Board level, to take on full financial management responsibility and help drive the business through its next phase of growth. The role will also take responsibility for the commercial, legal, and administrative functions.

Probably in your mid to late 30s, you will be a graduate qualified accountant or an MBA, with a strong background in corporate financial management, experience of capital goods and contracts, and proven ability as a manager of people and business issues. A willingness to work overseas and French language skills would be a distinct advantage. This is an excellent opportunity for an innovative individual with strategic vision and drive to join an expanding group at a crucial stage of its development.

Please reply in confidence, enclosing a full CV and quoting reference B1976, to:
Alexander Hughes Selection, 58 St James's Street, London SW1A 1LD.

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THE ROLE

- Board member fully responsible for finance, planning, IT, control and audit throughout the group.
- Proactive and resourceful in the provision of project finance and securing international aid and development funds. Expertly managing foreign exchange and currency exposures and maintaining first-class banking relationships.
- Close involvement in strategy development. Building strong rapport with senior divisional management to provide ongoing advice and counsel.

THE QUALIFICATIONS

- Graduate Accountant with proven success at board level in the negotiation of funding for and subsequent completion of major international capital projects. Commercially astute and close to the real business issues.
- A leader who can manage, motivate and develop the head office and divisional finance teams. Prepared to travel extensively with fluency in Spanish and/or French an advantage.
- Stature and interpersonal skills to become a valued advisor to the divisional teams and enhance relationships with the banks, J/V partners and other third parties.

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London 0171 493 1238
Manchester 0161 499 1700

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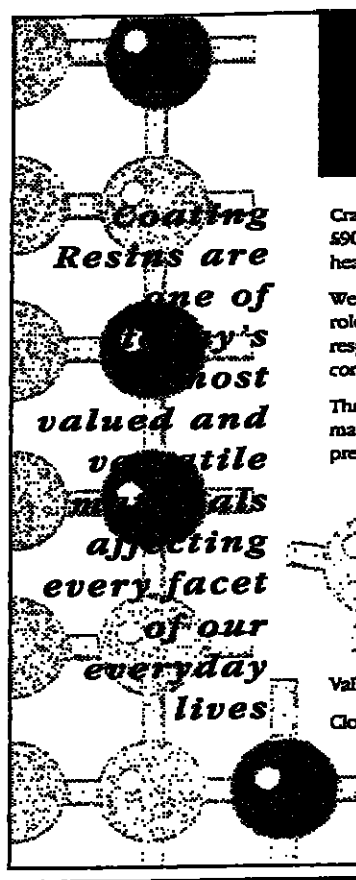
Please reply with full details to: Selector Europe, Ref. Y207202461, 16 Connaught Place, London W2 2ED



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We now have a need for a dynamic and innovative Financial Controller to join our UK Executive Team. This key role requires a keen commercial awareness and immediate professional credibility, as you will be directly responsible, annually and strategically, for the direction of financial planning within the company ensuring that corporate objectives are targeted and achieved.

Through a variety of initiatives, you will provide a comprehensive financial management service, from treasury management and implementation of best practice, through to capital investment project appraisals to preparation of management accounts/forecasts.

The demands of this role require a qualified Accountant of graduate calibre, with considerable experience at a senior level, preferably in the manufacturing industry. Good presentation skills and a creative approach to problem solving are also essential.

Such a challenging opportunity will be rewarded not only by professional and personal achievement, but also by an excellent financial package which includes relocation assistance where appropriate.

Please write with full CV and salary expectations to Mr Clive Mason, Human Resources Manager, Cray Valley Ltd, Waterloo, Machen, Newport, Gwent, NP1 8YN.

Closing date for applications: Friday 23rd February 1996.

CRAY VALLEY
COATING RESINS

TOTAL

Financial Analyst - Deal Shaping

£50-60k plus benefits

A business development role in outsourcing

OUTSOURCING OF FUNCTIONS which have traditionally been performed in-house is being increasingly recognised as an effective means for businesses to achieve commercial advantage. The growth rate of our outsourcing practice, Business Process Management, has been phenomenal and outsourcing is key to our strategy. Indeed we have now expanded the solutions we offer from purely IT to include accounting and logistics management.

The increasing scale and complexity of our business is having a major impact on the way we partner with our clients to shape outsourcing arrangements. We now seek a senior manager to provide financial and analytical support to help shape the commercial structure of deals. You will be responsible for assessing the financial and commercial viability of outsourcing arrangements and identifying the potential benefits to our clients, working in a dynamic environment where the ability to manage complex issues is essential.

A graduate qualified accountant, with at least four years' post-qualification experience, you will have had exposure to business development within a commercial organisation. Working with other senior managers you will impress Partners and clients with your business and financial acumen and make a pro-active contribution. The ability to develop and manage a small but growing team will be essential.

Stimulated by the challenge of working for one of the most respected names in outsourcing, you will be ambitious and keen to progress within an organisation that rewards high achievers with attractive remuneration and excellent career development opportunities.

If you are interested in finding out more, please contact our advising consultant, Felicity Exton at Talisman Information Systems, Latimer Park House, Latimer, Chesham, Buckinghamshire HP5 1TT. Telephone: 01494 764428. Please quote reference AC/FIN2.

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The global derivative product group provides local support to its markets utilising advanced techniques to measure and control risk for leading edge products. Our client is looking to recruit high calibre product controllers for both Hong Kong and Tokyo, to support the growth of business and contribute to the organisation's continued success.

Our client is looking for an Equity Controller in Hong Kong and a Fixed Income Controller in Tokyo.

The successful candidates will have:

- *at least 2 years' product exposure within a control function;*
- solid accounting skills;
- the ability to juggle priorities in a pressurised changing environment;
- strong communication skills;
- proven analytical and problem solving ability;

For both positions, the roles will incorporate:

- operations and regulatory issues;
- daily analysis of profit and loss;
- reporting and control of market risk;
- supply of credit risk information;
- extensive liaison with internal and external clients;
- *ad hoc project work in support of the trading areas;*

The successful candidates are likely to be of graduate calibre with a professional qualification or equivalent experience. Basic knowledge of local languages (Cantonese/Japanese) would be useful.

Flexibility, motivation and commitment to building a career in a Far Eastern location are of prime importance in determining success in these exciting roles.

Interested applicants should write in the strictest confidence to our retained consultant James Rust on 0171 379 3333 or send a recent Curriculum Vitae to him at **Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP.** Fax No: 0171 915 8714. Internet: city@rwa.co.uk.

ROBERT WALTERS ASSOCIATES

L O N D O N W I N D S O R N E W Y O R K A M S T E R D A M B R U S S E L S S Y D N E Y

FINANCIAL CONTROLLER

Key Influencing Role

Paris

Excellent Package

Our client is the French operating unit within one of the most successful divisions of a leading pan-European IT Group. Both the Group and the Division are profitable market leaders.

The French operation (turnover cFF200 million) provides systems and services to some of France's major retailers and its growth potential is considerable.

As a key player in the French business you will:

- Influence the management team on key commercial and financial decisions.
- Develop and maintain, to the highest level of integrity, all financial systems, controls, reporting and management information.
- Be instrumental in driving the business forward.
- File local statutory returns and provide promptly all required data and reports to the European Head Office.

To perform and develop the role you will be a Qualified Accountant, fluent in French and English, who is familiar with all aspects of accounting within France. Wider European experience would be ideal, but is not essential. A strong affinity with computerised systems is vital as are excellent interpersonal, presentation and communication skills. An interest in technical matters should be balanced with a high level of commercial acumen.

Interested candidates should write with full CV, quoting current rewards package, to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY. Tel: 0171 430 9000, Fax 0171 405 5995 quoting ref HKW/14019/FT.

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or write to him at Brewer Morris, 179 Queen Victoria Street, London EC4V 4DD.
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It is strongly felt that a manager with international tax experience and a proactive approach to tax planning could move the group forward and ensure that the tax burden is minimised. Continued acquisitions provide ample opportunity for interesting due diligence work, and the expansion of current businesses into new markets requires constant attention to cross border and transfer pricing issues.

This management entry level job requires an ACA with 3+ years' post qualifying experience, including broad international tax exposure in industry. For someone with energy and vision this role provides an opportunity to independently develop a tax function within a dynamic and well managed multinational environment.

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CIMA Passed Finalists List

The names given below are successful candidates in CIMA's Stage 4 (final) examination taken in November 1995. In the United Kingdom the pass rate was 48.43%. The pass rate for home and overseas students combined was 41.12%. The locations given are those of the examination centres where the candidates sat.

A

ABBOTT, MH, Glasgow; ABDUL JABBAR, RRA, Colombo; ABDUL RAHMAN, N, London East; ABLETT, RC, Sheffield; ABU SAMAH, MA, Kuala Lumpur; ACAR, DH, Johannesburg; ACEVEDO, P, Southampton; ADAM, C, Carlow; AFFAT, ST, Johannesburg; ALBERTS, DJ, Kingston-Upon-Thames; ALBROW, SJ, Orpington; ALEXANDER, SAE, Manchester; ALI, H, London North; ALLAN, I, Brisbane; ALLAN, KR, Glasgow; AMARAWICKRAMA, HA, Colombo; ANANTHAKRISHNAN, R, Muscat; ANDERSEN, MR, Kingston-Upon-Thames; ANDERSON, KE, Maidenhead; ANDERTON, IR, Coventry; ANNIS, TA, Bracknell; ANSDELL, MD, Liverpool; ANTHONY, CJSD, Colombo; ANTROBUS, HP, Southampton; APSLEY, JW, Winchester; ARCHER, JS, Newcastle; ARDEN, DT, Edinburgh; ARMSTRONG, GA, Peterborough; ARMSTRONG, SG, Derby; ARNOLD, EA, Liverpool; ASARE, SA, Accra; ASH, CJ, Manchester; ASHMAN, RG, Worthy Down; ASIRVATHAM, F, Kuala Lumpur; ASPIN, EN, Liverpool; ASTON, H, Wednesbury; ATHURALIYA LIYANAGE, SCS, Colombo; ATKINSON, MR, Bracknell; ATKINSON, TK, Wellington; AUCIELLO, PA, Liverpool; AWALUDDIN, A, Kuala Lumpur; AYRES, JSW, Leicester

B

BADENHORST, DM, Johannesburg; BAGRI, H, London Central; BAHADUR, AA, Blackburn; BAILEY, A, Reading; BAILEY, AM, Cheltenham; BAILEY, DS, Southampton; BAILEY, JA, Wednesbury; BAKER, CM, Croydon; BAKER, MT, Chelmsford; BALA SUBRAMANIAM, V, Singapore; BALABASKARA, R, Colombo; BALACHANDRAN, S, Colombo; BALDWIN, JA, Derby; BALFOUR, HD, Glasgow; BALL, NR, London Central; BANDARA, PKBHA, Colombo; BANNER, AK, Maidenhead; BARNARD, MW, Johannesburg; BARNES, KE, Hull; BARRINS, PM, Dublin; BARTLE, EA, Southampton; BARTON, KM, Chelmsford; BATES, TM, Northampton; BEAL, VS, Leeds; BEALING, S, Wigan; BEAN, NA, Johannesburg; BEARDSHAW, DM, Hull; BEDFORD, HE, Peterborough; BEEBY, SR, Oxford; BEEDLE, PM, Watford; BEEVER, MT, St Austell; BEHAN, MPM, Carlow; BELDON, HS, Nottingham; BELL, A, Newcastle; BELL, MR, Kingston-Upon-Thames; BELL, W, Sheffield; BENADE, DC, Johannesburg; BENNETT, CE, Leeds; BENNETT, DC, Grimsby; BENNETT, JJ, Bristol; BENNETT, LT, Manchester; BENSON, JCC, Bristol; BENSON, LN, Worthy Down; BENTHARAGE, GI, Colombo; BEST, KS, Wakefield; BEST, NC, Manchester; BETTERIDGE, W, Cheltenham; BHAVANANTHAN, R, Colombo; BIBBY, LA, Wigan; BIDDER, AJ, Sheffield; BIGGS, GL, Newport; BINKS, CJ, Newcastle; BIRD, AJ, Leicester; BIRD, PG, Wednesbury; BLACK, C, Cambridge; BLACK, T, Hamilton; BLADES, NA, Liverpool; BOARDMAN, MG, Liverpool; BOK KOK SON, Kuala Lumpur; BOLAND, S, Maidenhead; BOLT, JD, Johannesburg; BONIFACE, AJJ, Maidenhead; BONTHUYS, CF, Pretoria; BOOTE, EA, Birmingham; BOOTH, DN, Leeds; BOOTH, H, Manchester; BOSHOFF, CJK, Johannesburg; BOTHA, AC, Pretoria; BOTHAM, AC, Southampton; BOULTON, CL, Bristol; BOURKE, MA, Limerick; BOWER, DGC, London Central; BOWLER, SW, Leicester; BOWLES, ID, Barking; BOWMAN, NA, Nottingham; BOYD, EM, London Central; BOYER, RA, Port Elizabeth; BOYLE, SJ, Ipswich; BRADLEY, MJ, Durban; BRADLEY, RA, Newport; BRADY, PG, Dublin; BRANT, GP, Reading; BRAYSHAW, AP, Leeds; BREAR, PG, Preston; BREEN, PJV, Dublin; BRENNAN, BC, Athlone; BRENNAN, R, Dublin; BRENNAN, TS, Liverpool; BRIDGES, JA, Newport; BROCK, M, Sheffield; BRODIE, KM, Winchester; BROOKS, DG, Maidstone; BROWELL, LC, Newcastle; BROWN, AA, Birmingham; BROWN, ND, Croydon; BROWN, NJ, Wrexham; BROWN, TL, Cape Town; BROWNE, RH, London Central; BROWNE, RP, Birmingham; BROWNSON, GW, Manchester; BRYON, ID, Swindon; BUCK, J, Hull; BUCKINGHAM, SC, Worthy Down; BULLOCK, CY, Manchester; BULLOCK, SC, Maidenhead; BULPITT, JS, Manchester; BURDEN, RL, Leeds; BURGAZZI, LM, Luton; BURGESS, J, Northampton; BURGESS, SJ, Brighton; BURKE, JA, Winchester; BURKE, M, Dublin; BURNHAM, AC, Exeter; BURNS, KL, Durban; BURRELL, RJ, Cheltenham; BURROW, AC, Cheltenham; BURROWS, PA, Worthy Down; BURROWS, WD, Stoke; BURT, JL, Bristol; BURTON, A, Maidenhead; BUSH, AJ, Nottingham; BUSHILL-MATTHEWS, LE, London Central; BUSS, A, London Central; BUTLER, K, Leeds; BUTLER, SA, Maidstone; BUTLER, SC, London East; BUTLIN, AP, Coventry; BUXTON, MR, Preston; BYCHOWSKI, JA, Blackburn; BYLES, AP, Bracknell; BYRNE, ID, Dublin; BYRNE, MT, London Central; BYRNE, OM, Dublin

C

CADWALLADER, SL, Swindon; CAFFOOR, MTH, Colombo; CALLADINE, IP, Nottingham; CALLAWAY, JA, Southampton; CALVERT, DA, Leeds; CAMLIN, DJ, Orpington; CAPES, R, Newport; CARON, SD, Kingston-Upon-Thames; CARROLL, CC, Dublin; CARROLL, GE, Wakefield; CARTER, AM, Wigan; CASH, P, London West; CASHIN, MN, Luton; CASLIN, DE, Leeds; CASSIDY, DM, Belfast; CAVANAGH, MJD, Preston; CHAFFER, LA, Southampton; CHAKRAVARTY, A, Jakarta; CHAMBERS, I, Northampton; CHAMPION, MJ, London Central; CHAN FUNG KWAN, Hong Kong; CHAN HON MING, Hong Kong; CHAN WAI LING, E, Hong Kong; CHAN WAI YEE, Kuala Lumpur; CHAN WHING HNOI, Maidenhead; CHAPMAN, GA, Leicester; CHAPMAN, JA, Bracknell; CHARLTON, CJ, London Central; CHART, GJ, Reading; CHAUDHARY, V, Bombay; CHEAH HSIU YING, Kuala Lumpur; CHEAH KHIN FUI, Kuala Lumpur; CHEAH POH SIN, Kuala Lumpur; CHEE KIM GEOK, Kuala Lumpur; CHEKECHE, M, Harare; CHELL, PJ, Stoke; CHENG CHI KWONG, Hong Kong; CHEUNG CH-LIN, Hong Kong; CHEUNG WAI YUK, Hong Kong; CHIDUKU, AM, Mafeking; CHIEW CHEE MAN, Kuala Lumpur; CHILCOTT, RMB, Bristol; CHIN KWAN LAM, R, Hong Kong; CHIN NAM CHIANG, Kuala Lumpur; CHIN, I, London West; CHIONH HAI PIN, Penang; CHITSA, J, Harare; CHO WEE PENG, Singapore; CHOO WING SUNG, V, Kuala Lumpur; CHOO YOKE CHENG, Kuala Lumpur; CHOUHAN, JK, Luton; CHOW SOOK WAN, Penang; CHOW WOAN MEI, Kuala Lumpur; CHRISTIE, DF, Aberdeen; CHUAH CHIEW LING, Penang; CHUI KING SHING, B, Hong Kong; CHUNG, MC, London Central; CHURCH, AR, Sheffield; CIEMKA, C, Wednesbury; CLARE, AP, Cheltenham; CLARKE, A, Birmingham; CLARKE, JS, Edinburgh; CLARKE, R, Worthy Down; CLARKE, SJ, Liverpool; CLARKSON, NM, Nottingham; CLAYTON, PA, Birmingham; CLEARY, KJ, Bristol; CLEVERLEY, MR, Cheltenham; CLIFFORD, KJ, Brighton; CLIFFORD, S, Reading; CLUBLEY, SL, Winchester; COBB, RJ, Luton; COCKERILL, SE, Luton; COKER, S, Southampton; COLEMAN, J, Wigan; COLEMAN, JL, Hong Kong; COLLINS, RJ, Dublin; COLLINS, SP, Cheltenham; COLLINS, SP, Orpington; COLLIS, TA, Swindon; COLLYMORE, LOC, London West; COMER, PA, Norwich; CONROY, PJ, Bracknell; COOK, AP, Ipswich; COOK, CJ, Newcastle; COOK, GI, Birmingham; COOK, I, Liverpool; COOK, RD, Bristol; COOPER, AP, London Central; COOPS, PM, Manchester; CORBETT, PD, Wigan; CORLEY, MM, Dublin; COTTER, D, Cork; COUTO, JF, Northampton; COX, AJ, Taunton; COX, DC, Worthy Down; COX, RJ, Cheltenham; COY, PA, Athlone; CRABB, S, Bracknell; CRACKNELL, AS, Maidstone; CRAIG, L, Manchester; CRAWFORD, M, Edinburgh; CRESWELL, GL, Manchester; CRIDDLE, ES, Birmingham; CROCOMBE, NJ, Blackburn; CROMBIE, MH, Bracknell; CRONIN, GV, Auckland; CROSS, D, Stoke; CROSS, FF, Carlow; CROSS, RJ, Grimsby; CROUCHER, SP, Cape Town; CROWTHER, CM, London North; CROZIER, AM, Manchester; CRUICKSHANK, AD, London Central; CULLEN, EJ, Orpington; CUNEEN, D, Athlone; CURTIS, A, Swindon; CURTIS, J, Leeds

D

DALE, SE, Newport; DALTON, CL, Manchester; DANIEL, KE, Southampton; DANIELS, PA, London South; DAVIES, CEJ, Oxford; DAVIES, IA, Auckland; DAVIES, PM, Basildon; DAVIES, SL, Newport; DAVIS, KE, Dublin; DAVIS, MC, Durban; DAVIS, MW, Bournemouth; DAVISON, V, Newcastle; DAWSON, MA, Dublin; DAWSON, P, York; DAWUDA, AJB, London East; DDAMULIRA, E, London East; DE SILVA, H, Gaborone; DE SILVA, LPLM, Colombo; DE SILVA, MP, Colombo; DE SILVA, SA, Colombo; DE SILVA, TC, Colombo; DE ZOYSA, S, Colombo; DEACON, PC, Cape Town; DEEKS, JB, Winchester; DEENEY, JS, Sydney; DELANEY, T, Carlow; DELEW, L, London East; DELLER, PA, London West; DEMPSEY, JM, Northampton; DENBIGH, TM, Leeds; DENHOLM, EF, Edinburgh; DENMARK, SD, Basildon; DENNY, AJ, Peterborough; DEVAN, RD, Maidstone; DEVINE, DA, London West; DHARMADASA, HGT, Colombo; DHAWAN, M, Chelmsford; DICKMAN, NA, Preston; DILLEY, MJ, London Central; DINES, GA, Luton; DIXON, JA, Kingston-Upon-Thames; DOBBIN, PR, Durban; DODANWELA, RG, Colombo; DOEKES, PG, Johannesburg; DOHERTY, CM, London Central; DOHERTY, P, Dublin; DOHERTY, SM, London West; DOHERTY, T, Edinburgh; DONAGHY, R, Belfast; DONNELLY, KM, Belfast; DOOLAN, WB, Dublin; DORRICOTT, SP, Winchester; DOUGLAS, B, Orpington; DOWDESWELL, S, Manchester; DOWLING, PJ, Athlone; DOWNS, JE, London Central; DOYLE, MG, Dublin; DOYLE, RM, Cork; DOZE, PJM, Maidenhead; DREWITT, C, Bristol; DU TOIT, H, Cape Town; DUGGAN, P, Dublin; DUGGAN, PW, London West; DUNCAN, JD, Orpington; DUNN, KT, London West; DUNNE, KN, Dublin; DURELL, AE, Ipswich; DURU, SC, Birmingham; DUTTON, R, Preston; DYER, AD, Bristol

E

EA LAY TING, Kuala Lumpur; ECKETT, JD, Maidenhead; EDMONDES, RCG, London West; EDMONDSON, D, Preston; EDWARDS, CP, Manchester; ELLCOME, MJ, Southampton; ELLIOTT, JA, Liverpool; ELLIOTT, JM, London Central; ELLIS, MJ, Kingston-Upon-Thames; EMSON, M, Wakefield; ENNIS, LC, Athlone; ERASMUS, HA, Sydney; ESCOTT, BAC, Kingston-Upon-Thames; EVANS, CL, London Central; EVANS, GN, Maidenhead; EVISON, D, Hull; EWING-GERRARD, A, London Central; EYO CHIN HON, M, Kuala Lumpur

F

FAHY, PJ, London Central; FAIRBURN, GK, Swindon; FAIRHURST, WB, Colwyn Bay; FAIZ, MMTZ, Colombo; FALEYE, IO, Lagos; FALLON, RA, Dublin; FANNER, K, London Central; FANNING, PG, Athlone; FARRELL, FG, Athlone; FARREN, KP, Southampton; FATUROTI, TT, London South; FAZNI, MAJ, London North; FEENEY, E, Liverpool; FEGAN, S, Croydon; FEKETE, R, Birmingham; FENDER, PR, Edinburgh; FENNELLY, N, Dublin; FENWICK, PW, London Central; FERNANDE, BK, Brighton; FERNANDES, IC, Maidenhead; FERNANDES, R, Pretoria; FERNANDO, AD, Colombo; FERNANDO, JL, Colombo; FERNANDO, JPND, Colombo; FERNANDO, TAD, Colombo; FERNANDO, WMS, Colombo; FEW, J, Cheltenham; FFRENCH, C, Dublin; FIDLING, PA, Preston; FIFIELD, PL, London Central; FISHER, BM, Liverpool; FISHER, NI, Chelmsford; FISHER, RD, Croydon; FITCH, JS, London West; FITZMAURICE, P, Athlone; FITZPATRICK, MP, Dublin; FITZPATRICK, O, Southampton; FITZPATRICK, P, Northampton; FLANAGAN, KM, Southampton; FLETCHER, JA, Bristol; FLETCHER, LA, Reading; FLOOD, AMG, Cork; FLYNN, AJ, Limerick; FLYNN, PR, Liverpool; FONG CHEE KUAN, Penang; FONSEKA, GN, Colombo; FOO SHEN REEN, Penang; FORD, CJ, London South; FORDE, EA, London Central; FORSTER, SM, Bristol; FOSTER, AJ, Birmingham; FOSTER, MA, Cambridge; FOURIE, WH, Pretoria; FRANKLIN, AT, Nottingham; FRENCH, PJ, London Central; FRONEMAN, CC, Johannesburg; FUNG CHUNG YIU, E, Hong Kong

G

GALLAGHER, GM, Manchester; GALLIVAN, DJ, Reading; GALLOWAY, GAW, London Central; GANESAN, N, Muscat; GARDE, M, Dublin; GARG, S, Noida; GARLAND, RC, Nottingham; GARNSEY, WJ, Maidenhead; GARVIN, N, Newcastle; GAWTREY, R, Hull; GEORGE, R, Barking; GEORGIADES, N, Leicester; GERTENBACH, JJ, Johannesburg; GHISTA, A, Chelmsford; GIDDENS, D, Luton; GILBERT, TAN, London Central; GILBRIDE, DV, Manchester; GILL, RS, London West; GILLANDERS, MR, Orpington; GILLESPIE, AJ, Wakefield; GILLIES, IA, London West; GILLIGAN, JMG, Dublin; GODBER, KW, Nottingham; GODDARD, AA, Brighton; GODFREY, A, London East; GODFREY, MT, Northampton; GODWIN, LD, Leicester; GOH CHAI SENG, Penang; GOH CHIAN HUEY, London North; GOH JUNN MING, Kuala Lumpur; GOH KEOW TEE, Kuala Lumpur; GOH, P, Melbourne; GOHIL, KA, Johannesburg; GOINDI, P, Nottingham; GOLD, M, Orpington; GOLDIE, DJ, Glasgow; GOLDSTEIN, JC, Johannesburg; GOLDSTONE, GS, Dublin; GOODALL, SE, Derby; GOONEWARDENE, HS, Colombo; GORANA, D, Wednesbury; GORDON, R, Sheffield; GORE, V, Bombay; GORMAN, NB, Luton; GORMLEY, GJ, Belfast; GORMLEY, NG, Athlone; GOVENDER, K, Durban; GOVER, BE, London South; GRACE, JP, Dublin; GRADON, RJ, London North; GRAHAM, I, London West; GRAHAM, PJ, Watford; GRAINGER, GN, London North; GRANT, CS, London Central; GRANT, PR, Wakefield; GRANT, RA, London West; GRAY, C, Peterborough; GREATOREX, A, Leicester; GREEN, AJ, Winchester; GREEN, S, Reading; GREEN, SD, Reading; GREEN, SM, Sheffield; GREENACRE, TJ, Norwich; GREENFIELD, D, Kingston-Upon-Thames; GREENING, SJ, Cheltenham; GREENSIT, EV, London Central; GREENWAY, PH, London Central; GREENWOOD, FD, Exeter; GREENWOOD, JA, Leeds; GREENWOOD, JA, London Central; GREET, MA, Winchester; GREGORY, W, Manchester; GREGSON, D, Manchester; GRESHAM, NJ, London West; GREYLING, A, Pretoria; GRIFFIN, DL, Worthy Down; GRIFFITHS, AJ, Bristol; GRIFFITHS, MR, Wednesbury; GRIFFITHS, GM, Cardiff; GRIFFITHS, JE, Southampton; GRIFFITHS, JM, Wednesbury; GRIVER, MG, Exeter; GROGAN, G, Dublin; GROOM, C, Stoke; GROVES, CD, Newport; GRUNDY, DR, Reading; GUEST, HR, Wednesbury; GUEST, JB, Leeds; GUEST, SJR, Liverpool; GUITE, HS, Leeds; GUMBLEY, GJ, Peterborough; GUNANDRAN, V, Kuala Lumpur; GUNARATNE, ND, Colombo; GUNASAGAREN KUMARASAMY, London West; GUNN, RJ, London Central; GUNSTON, D, Port Elizabeth; GUY, SD, Stoke; GUYADEEN, M, Port Of Spain

H

HABJIKLEOVOULOU, S, London Central; HADDLETON, DRN, Bracknell; HAGREEN, AJ, Leicester; HALE, JN, Cambridge; HALL, AK, Ipswich; HALLIDAY, ML, Bristol; HALLIDAY, J, Newcastle; HAMBER, WT, Oxford; HAMILTON, JJ, Southampton; HAMMAN, WJ, Johannesburg; HAMMOND, GPA, Birmingham; HAMPSON, R, Worthy Down; HAMPSON, SJ, Preston; HAMROGUE, PD, Kingston-Upon-Thames; HANLEY, CR, Maidstone; HANNEY, KM, Dublin; HANWELL, J, Kingston-Upon-Thames; HARCOURT, JR, London Central; HARDCASTLE, AE, Derby; HARDMAN, NM, Stoke; HARDY, MSM, Northampton; HARGREAVES, RL, Southampton; HARIA, RG, London Central; HARLEY, AF, Sheffield; HARLEY, LFE, Winchester; HARMSE, AL, Johannesburg; HARPER, AD, Edinburgh; HARRIS, KM, London South; HARRIS, NT, Luton; HARRISON, JR, Exeter; HART, GJ, Bracknell; HARTLEY, KA, Nottingham; HARVEY, NA, Croydon; HASSETT, C, Dublin; HAY, SI, Edinburgh; HAYDEN, SF, Chelmsford; HAYES, MP, Cheltenham; HAYES-POWELL, DM, Bristol; HAYMAN, PW, London Central; HAYNES, CS, Croydon; HEADINGTON, WH, London West; HEALY, JD, London Central; HEEDE, PJ, Derby; HEELEY, BD, Leeds; HEMSON, RA, Leeds; HENDER, ML, Exeter; HENDERSON, SA, York; HENDY, M, Newcastle; HENDY, RF, Bristol; HENNIGAN, VA, London West; HENSON, KNE, Nottingham; HERBERT, AD, Watford; HERBERT, RJ, Chelmsford; HESKETH, DJ, Southampton; HEWAMADDUMA, G, Colombo; HEWITSON, SW, Winchester; HEWITT, CJ, London Central; HEYS, AN, Blackburn; HICKEY, DJ, Dublin; HICKEY, M, Cork; HIGGS, PA, Wednesbury; HILL, MS, Birmingham; HILLIN, HM, Dublin; HILTON, PA, Croydon; HINCHLIFFE, KF, London North; HITGE, HM, Cape Town; HO SEH KEM, Johor Bahru; HO SUI MAN, R, Hong Kong; HOGAN, JS, Southampton; HOLBEN, SE, Ipswich; HOLBROOK, CJ, Watford; HOLDING, PD, Exeter; HOLMAN, MN, Southampton; HOLMES, AJ, Kingston-Upon-Thames; HOLT, GDM, London Central; HOLYLAND, GA, Leicester; HONEYWELL, DJ, Basildon; HOO YEE SING, Kuala Lumpur; HOOPER, ME, London West; HOPKIN, LE, London South; HOPKINSON, CE, Sheffield; HORAN, MA, Dublin; HORBURY, MR, Leeds; HORRY, SJ, London South; HORTON, GF, Bristol; HOUGHTON, GF, Preston; HOUSDEN, R, Nottingham; HOW PEK NGOH, Kuala Lumpur; HOWARD, GR, Birmingham; HOWDEN, T, London Central; HOWE, RPG, London Central; HOWKER, A, Nottingham; HUBBARD, MD, Maidenhead; HUBBARD, RM, Birmingham; HUDDLESTON, PG, Cheltenham; HUDSON, PA, Wednesbury; HUGHES, M, Athlone; HULME, PE, Manchester; HUMPHREY, CL, Nottingham; HUNT, AR, Reading; HUNTER, AJ, Peterborough; HURDUS, J, Leeds; HURFORD-POTTER, SE, Worthy Down; HURLEY, P, Dublin; HURST, N, London South; HURWITT, JE, Maidenhead; HURWITZ, SE, Johannesburg; HUSKISSON, CA, Birmingham; HUSSEY, JG, London Central; HUXLEY, J, Maidenhead; HYATT, MA, Nicosia; HYDER, DR, Maidenhead

I

IBBETSON, DF, Hull; ILES, G, York; ILIFFE, V, Exeter; INGLE, PJB, Birmingham

J

JACKSON, DP, Kingston-Upon-Thames; JALAN, D, Calcutta; JANAHI, LMA, Bahrain; JAURE, J, Johannesburg; JAYARATNE, AS, Colombo; JEFFERY, CH, Derby; JEGANATHAN, L, Colombo; JELENJE, AA, Blantyre; JENKINSON, RK, Cambridge; JEPSON, JL, Bournemouth; JEWITT, MO, Worthy Down; JOHNSON, AM, Watford; JOHNSON, MAS, Leeds; JOHNSON, SA, Bristol; JOINER, NM, Aberdeen; JOLLY, AS, Chelmsford; JONES PERCIVAL, D, Wednesbury; JONES, AE, Birmingham; JONES, DR, Luton; JONES, LJ, Dublin; JONES, M, London Central; JONES, MB, London Central; JONES, MF, Wednesbury; JONGWE, LP, Harare; JONKER, AH, Cape Town; JOYCE, CR, Chelmsford

K

KAGORO, BP, Kampala; KANDANEARATCHY, I, Colombo; KANGAUSARU, N, Harare; KARUNAKARAN, RD, Colombo; KASTURI RANGAN, AS, Port Moresby; KAUR, PP, Lusaka; KEATING, BN, Cork; KEAY, TD, Edinburgh; KELLEHER, AE, Preston; KELLEY, AS, Winchester; KELLY, RJ, Durban; KELLY, SJ, Sligo; KELLY, SP, Croydon; KEMPEN, J, Pretoria; KEMPSTER, J, Chelmsford; KENG SOO PENG, Penang; KENNEDY, J, Liverpool; KENT, RPE, Kingston-Upon-Thames; KERNAN, WJ, London Central; KHAN, TH, Karachi; KHOO YEK SAN, Johor Bahru; KHOO YOOK LIN, R, Kuala Lumpur; KHORY, LA, London Central; KICKHAM, NL, Coventry; KIELY, MF, Hull; KIMMIS, LP, Orpington; KIMTI, K, Newcastle; KING, RD, Brighton; KING, SH, Newcastle; KING, V, Wednesbury; KINGSHOTT, JM, Leeds; KIRIELLA BANDARA, GKSM, Colombo; KIRK, AJ, Brighton; KIRKHAM, J, Stoke; KNIGHT, DJ, Maidenhead; KNIGHT, DRA, Southampton; KNIGHT, MA, Maidenhead; KNIGHT, MD, Cambridge; KNIGHTON, AP, Nottingham; KNIPE, RT, Birmingham; KNOWLES, AJ, London Central; KOAY CHIN LYE, Penang; KOK YEW YOONG, Kuala Lumpur; KONIG, R, Durban; KOTECHA, PD, London Central; KRANTZ, KJ, Johannesburg; KRIEK, IF, Pretoria; KRISHNAMURTHI, M, Madras; KRITZINGER, HA, Pretoria; KULATILAKE, SL, Colombo; KUMARAPPERUMA, JR, Colombo; KWAN CHIN LEONG, Kuala Lumpur; KWAN YIU KWONG, Hong Kong; KWEK SIOK BEE, S, Kuala Lumpur; KWONG SHUK YEE, A, Hong Kong

L

LACEY, LE, Bristol; LADLEY, D, Nottingham; LAFFOY, MJM, London West; LAI KOK WAI, Singapore; LAI LEE POH, Kuala Lumpur; LAIDLAW, NA, Watford; LAIGHT, TJ, Maidenhead; LAKE, GD, Watford; LAKE, RA, Chelmsford; LAKE, SJ, Maidstone; LAL, AK, London West; LAM KIT SUN, Hong Kong; LAM SIU HI, Hong Kong; LAM SUK YEE, L, Hong Kong; LAM WEI LING, Kuala Lumpur; LAM, CK, Hong Kong; LAMB, SA, Basildon; LAMBERT, EP, Chelmsford; LAMBOURNE, D, Leeds; LANE, AP, Southampton; LANE, JC, London Central; LANE, MD, Isle Of Wight; LANG, CMA, Northampton; LAU KOOI HAN, Penang; LAU TZE CHUNG, C, Southampton; LAVELL, RNM, London Central; LAVERTY, HJ, Belfast; LAW WAI SAN, Kuala Lumpur; LAWLER, DG, Cambridge; LAWRENCE, PL, Peterborough; LAWS, J, London South; LAWSON, OO, London Central; LAYZELL, AA, Orpington; LE ROUX, DS, Johannesburg; LEAHY, JG, Limerick; LEATHEM, DS, Preston; LEAVER, MJ, Manchester; LEDBURY, CA, London Central; LEE GAN HUI, Kuala Lumpur; LEE KEAN SOON, Kuala Lumpur; LEE PICK KWAN, Kuala Lumpur; LEE POH YOKE, Y, Singapore; LEE YUEN FONG, G, Hong Kong; LEE YUEN LIN, Kuala Lumpur; LEE YUIN SHAN, Hong Kong; LEE, DJ, Bracknell; LEE, JM, Derby; LEE, MA, London South; LEE, SL, Kuala Lumpur; LEE, ST, London Central; LENNON, BJ, Athlone; LEONARD, B, Liverpool; LEONARD, KG, Belfast; LEONARD, PM, York; LEONG KAM YEW, Kuala Lumpur; LEWIS, BA, Reading; LEWIS, EF, Bristol; LI WAI CHING, A, Hong Kong; LI WING TAO, T, Glasgow; LIEBENBERG, PF, Pretoria; LIGGAT, K, Glasgow; LIGGINS, CA, Leicester; LIGHT, T, London Central; LIHONGA, PAD, London Central; LILLEY, U, Luton; LIM BEE POEY, Kuala Lumpur; LIM CHIANG SHEAT, Johor Bahru; LIM CHIN KEONG, Kuala Lumpur; LIM HOCK AUN, Kuala Lumpur; LIM SIEW MUI, Kuala Lumpur; LIM TIN JIT, Kuala Lumpur; LIMBERT, JP, Wakefield; LINDSAY, J, Birmingham; LINDSEY, WS, Bracknell; LING JEE YUNG, Kuala Lumpur; LINGARD, SJ, Peterborough; LINKMANN, EXA, Colombo; LITTLE, DJ, London Central; LITTLE, R, Reading; LITTLEFORD, JL, London West; LITTLEWOOD, RA, Birmingham; LITVIN, PD, Chelmsford; LIU HUNG BIU, Hong Kong; LLOYD MOSTYN, CE, Nottingham; LLOYD, S, Reading; LO KEAN POH, P, Kuala Lumpur; LOCK CHUNG LING, Hong Kong; LOCKYER, JA, Ipswich; LODGE, BJ, Cambridge; LOJ, RF, Nottingham; LONG PEK KUAN, Kuala Lumpur; LONGSTER, GJ, Maidenhead; LONIE, D, Kingston-Upon-Thames; LOO MAY LEN, Kuala Lumpur; LOTRIET, RA, London Central; LOUISON, RD, London West; LOVELL, DM, Maidenhead; LOVER, AK, Brighton; LOW SIEW CHONG, Kuala Lumpur; LOW YOON CHONG, Kuala Lumpur; LOW, HJ, Cape Town; LU LEENG KING, Kuching; LUCKSHMAN, PA, Colombo; LUNGU, J, Lusaka; LUXTON, JE, Cheltenham; LYNCH, AW, Leicester; LYNCH, JC, Maidenhead; LYONS, D, Athlone; LYONS, JV, Luton; LYONS, RW, Dublin

M

MAAT, HH, Bristol; MACALEER, PD, Watford; MACCALLUM, S, Durban; MACDERMID, S, Kingston-Upon-Thames; MACDONALD, S, Hamilton; MACFARLANE, KG, Worthy Down; MACFARLANE, P, Bristol; MACKAY, RM, London West; MACKENZIE, BM, Durban; MACKENZIE, KM, Maidenhead; MACKIN, A, Manchester; MACKINTOSH, NA, Edinburgh; MACKINTOSH, RJ, Peterborough; MACLAUGHLIN, DGJ, Brisbane; MACMAHON, NF, London West; MADDEN, JP, Edinburgh; MAGHRABI, SO, London South; MAHER, JA, Dublin; MAHON, JR, Leicester; MAHTANI, U, Port Harcourt; MAISANDA, IS, London West; MAJEED, MS, Colombo; MAK CHAN SHING, Hong Kong; MAKANZA, PC, Harare; MALIQUE, MSA, Colombo; MALLINDER, MJ, Wigan; MALLON, RK, Belfast; MANAMPERI, CT, Colombo; MANOSPERTI, XM, London South; MARAIS, JB, Port Elizabeth; MARCH, KL, Cheltenham; MARIATHASAN, AC, Colombo; MARIKAR BAWA, MY, Colombo; MARKS, M, Johannesburg; MARSHALL, RAJ, Wrexham; MART, L, Watford; MARTEL, CD, Luton; MARTIN, NA, London East; MARTIN, NTG, Kingston-Upon-Thames; MARTIN, S, Leicester; MASLEN, EJ, Manchester; MASSAM, M, Stoke; MASSON, RI, Durban; MASTERMAN, JM, Brighton; MASTERSON, PF, London Central; MATHER, DS, Colombo; MATTHEWS, AJ, Stoke; MAUGHAN, AP, Hull; MAULE, DJ, Hamilton; MAWONEKE, S, Harare; MAXFIELD, JE, Worthy Down; MAYFIELD, JM, Cambridge; MCALLEN, AM, London West; MCBRIDE, J, Coventry; MCBRIDE, PW, Reading; MCCALLUM, S, Blackburn; MCCANN, SC, London West; MCCASH, J, Dundee; MCCLENAGHAN, I, Coventry; MCCLURG, EM, Belfast; MCCOLLOM, ML, London Central; MCCONNACHIE, GP, Glasgow; MCCORMACK, SJ, London South; MCCROSSAN, EJ, Liverpool; MCDERMOTT, A, Orpington; MCDONALD, KA, Athlone; MCDOWALL, MD, Bracknell; MCFARLAND, SG, Belfast; MCGEE, AC, London Central; MCGEEVER, EA, Dublin; MCGOWAN, R, Sheffield; MCGRANN, JJ, Liverpool; MCILVENNY, LA, Manchester; MCINTYRE, A, Cheltenham; MCKENNA, PJ, Oxford; MCKEOWN, P, York; MCLENNAN, GC, Glasgow; MCMAHON, JM, Dublin; MCMAHON, LJ, Manchester; MCMILLAN, WA, Worthy Down; MCVEY, CA, Leicester; MCWILLIAM, RG, Birmingham; MEAGHER, DJ, Waterford; MEAGHER, LA, London North; MECCAWALA, Z, Calcutta; MEE, DM, Kingston-Upon-Thames; MELLOR, GV, Leicester; MELLOR, KR, Leeds; MELLY, DM, Maidenhead; MENARY, E, Glasgow; MENON, PG, Muscat; MENZIES, RJC, London Central; MEOW LI HWA, Kuala Lumpur; MERRITT, D, Kingston-Upon-Thames; MERRITT, LP, Kingston-Upon-Thames; MEYER, M, Johannesburg; MICKLETHWAITE, NR, Worthy Down; MILES, JR, Stoke; MILLER, JS, Blackburn; MILLIKEN, RJ, London Central; MILLINGTON, GJ, Birmingham; MIRZA, AA, London West; MITCHELL, CD, London Central; MITCHELL, SP, York; MITRA, SK, Wednesbury; MO, S, Coventry; MOHAMAD HASHIM HAJI JUSOH, Kuala Lumpur; MOHAMED ARIFF, M, London Central; MOK CHEK THOW, CT, Kuala Lumpur; MOK KAM SHING, Hong Kong; MOLINEUX, KM, Wednesbury; MONEDERO, MT, Croydon; MONTEITH, P, Leeds; MONTGOMERIE, NM, London West; MOONEY, FM, London West; MOORE, EL, Watford; MOORE, SI, Exeter; MOORES, GP, Durban; MOOSA, S, Durban; MORELAND, NJ, Glasgow; MORGAN, GJ, Worthy Down; MORGAN, IP, Newcastle; MORGAN, KM, Bracknell; MORGAN, RW, Leicester; MORLEY, CS, Newcastle; MORONEY, BJ, Dublin; MORRIS, EA, London West; MORRIS, S, Coventry; MOSES, JR, Colombo; MOSLEY, MW, Croydon; MOTIWALLA, O, London North; MOTSWAISO, MR, Reading; MOUTON, AJ, London Central; MSISKA, B, Birmingham; MUBARAK, MA, Jeddah; MUDUMO, B, Harare; MULLIGAN, BAO, Athlone; MULLIN, DA, Hull; MUNDIE, CA, Derby; MUNDY, J, London South; MURPHY, CM, Cork; MURPHY, MJ, Preston; MURPHY, MP, Manchester; MURPHY, ST, London West; MURRAY, BH, Edinburgh; MURRAY, RJ, Waterford; MURRELL, PB, Leicester; MWILA, PB, Lusaka

N

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O

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T

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U

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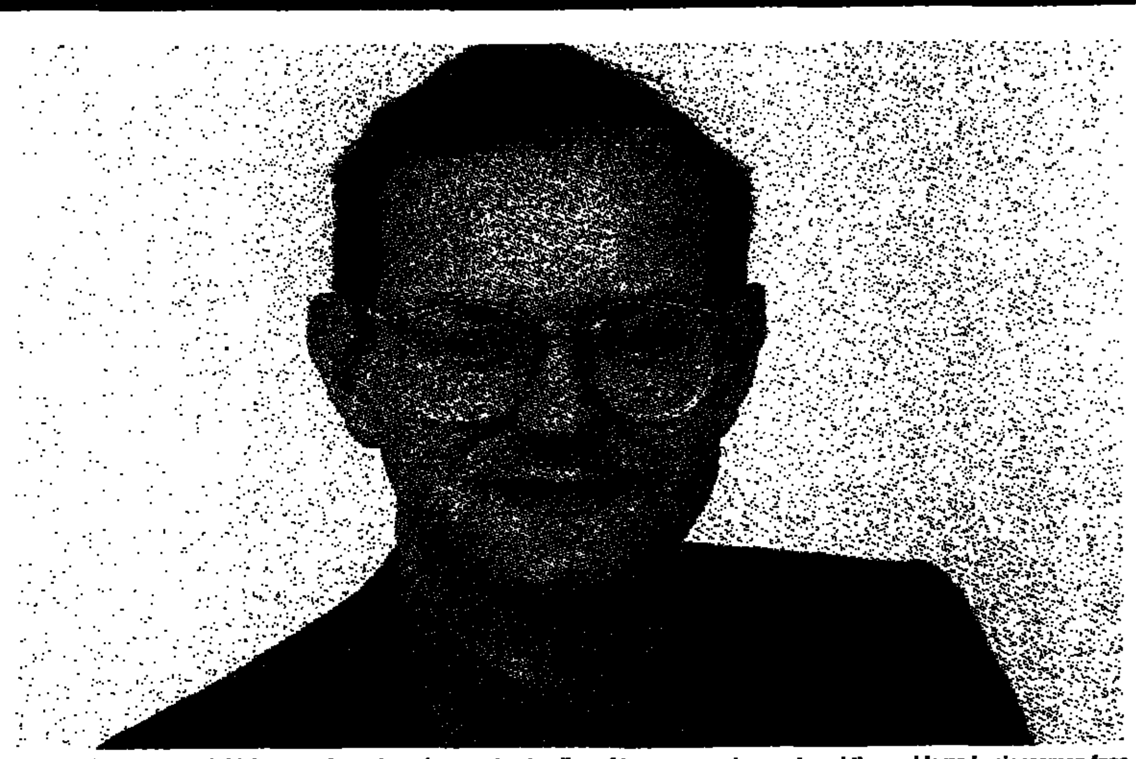


Outstanding writer and thinker who brought a deep understanding of how companies work and the problems businessmen face

Christopher Lorenz

Geoffrey Owen on the career of the FT's distinguished management editor, who died on Wednesday

During the 1960s the idea of management as a set of skills which could be studied, taught and applied, began to be taken more seriously in Britain. New business schools were established in London and Manchester and the demand for the services of management consultants increased.

The Financial Times played its part in this process by starting the Management Page, which soon became an established part of the paper. It implies no disrespect to the early writers on that page to say that its authority and influence were immensely enhanced when Christopher Lorenz was put in charge of it in the following decade. He brought to the Management Page not only great journalistic skills, but also a deep understanding of how companies work. He formed constructive relationships with management academics at business schools and other institutions: one of his most important functions was to act as a bridge between the worlds of business and academia, helping to diffuse knowledge of new ideas.

But he was more than an interpreter of management trends. In his books and articles he made a distinctive contribution of his own. Writing about management can easily degenerate either into academic abstractions or into over-simple descriptions based on whatever fashion happens to be running at the time. Chris avoided both these traps. His ability to strike the right balance between theory and practice marked him out as an outstanding management writer and thinker, as well as a distinguished journalist.

After reading history at Churchill College, Cambridge, Chris joined the FT in 1968, working first in company comments and then on the foreign desk. These two traditional training grounds prepared him for his assignment to the Frankfurt office in 1971. During his three years in this job he raised the quality and comprehensiveness of the FT's coverage of the German corporate scene, and gave the paper a higher profile in what was to become its most important overseas market.

Back in London he became the FT's first electronics correspondent, at a time when this industry was being shaken by global competition and technological change. Chris brought to his reporting an international dimension which was a model for the paper's other industrial writers. In the transformation of the FT from a domestic to an international business newspaper, he played a crucial role.

These same skills were put to even better use when he moved to the Management Page in 1977. The challenge of international business including the management of alliances and joint ventures was one of several strands in Chris's work which won him a wide readership in Britain and overseas. Another was design, where he became one of the country's leading experts; he was a member of the Design Council and his book, *The Design Dimension*, was published in seven languages. This was a personal as well as a journalistic interest. He was an enthusiast for steam trains and had a working model which he prized; in 1988 he wrote a long article examining the influence of Bugatti on Sir Nigel Gresley, designer of the Mallard, and on the railway design revolution which produced the A4 class of streamliner.

Chris was unusual among business journalists in his grasp of technical issues and he was fascinated by the link between technology and strategy; another of his successful books, co-edited with professors Robert Hayes and Kim Clark of Harvard Business School, was *Uneasy Alliance; Managing the Productivity-Technology Dilemma*. But the most impressive aspect on his writing of management was its breadth. This was best exemplified when he wrote a series of articles on a particular company; his detailed account of the transformation of ICL, the British computer company, in the early 1980s was especially memorable. Because of the standing which he enjoyed in the business community he had unrivalled access to these companies, but his coverage was always critical and objective, looking for practical lessons which would be relevant to other managers in other industries.

For his colleagues, Chris was an unfailing source of wisdom and advice. His influence went far beyond the pages for which he was responsible. His death robs the paper of a special talent. The sympathy of all members of the staff goes to his widow and children.

Sir Geoffrey Owen was editor of the Financial Times from 1981-1990.

■ **Charles Handy, social philosopher and writer**

There are few people whom you like and admire in all the ways you know them. Chris Lorenz was one of those few. As companion and friend, as journalist and commentator, as an insightful thinker on the ways of managers and organisations, Chris was always a joy to be with. He had a gift for exposing humbug and contradictions, and for puncturing pretensions, including my own, without giving offence. The ideas he proffered in exchange more than compensated. I don't think that I ever came away from a meeting with Chris without having learnt something, and without having enjoyed the experience.

■ **John Sorrell, chairman, The Design Council**

Christopher was a powerful advocate of design's key role in industrial competitiveness. He broadcast this message not just through the pages of the Financial Times but in magazines and books, at conferences and seminars worldwide, arguing, persuading, inspiring. His rare insight and commitment were highly regarded by designers. He made a great contribution both as a member of the Design Council for six years and as an influential member of the recent review of its remit and operations which set out the blueprint for its future. He will be sorely missed.

■ **Kim Clark, dean of the faculty, Harvard Business School**

Working with Chris was a stimulating experience. He had a lively mind, loved ideas, and could cut to the heart of an issue or problem. He was never content with the surface, even if it was bright and shiny.

Keeping employees on its side

EDS believes that maintaining motivation is the key to a successful transfer of staff, reports **Richard Donkin**

Managers working for Electronic Data Systems could be forgiven if they were to view their company occasionally as a corporate refugee camp handling the flotsam and jetsam of large multinationals.

Many of them have been thrown together by circumstance as the company continues its growth strategy of running, and acquiring, the information technology systems and departments of other companies.

Contracting out or outsourcing information technology services to a third-party supplier has become increasingly popular in the last 10 years. Agreements usually entail a public or private body handing over its computer services, including staff and hardware, to an external professional supplier for a cash consideration, along with a contract to maintain the services for the outsourcing company.

The philosophy behind such deals is based on the premise that the specialist is better at handling such services and its involvement releases the outsourcing organisation to concentrate on what it does best.

EDS has had more than 32 years' experience worldwide of managing such transfers, including 10 years of transitioning staff in Europe. More than half of its 16,000 European staff, half of the UK board, and John Bateman, the current European chief executive, came to the company as a result of IT outsourcing transactions.

Not all staff have come willingly. The company has found that the biggest problems in such deals usually involve the transfer of staff who can suddenly find themselves filled with uncertainty because the company for which they work no longer wants them.

Their reaction to such decisions can be crucial to the success of the arrangement, says Tony Ebbutt, human resource Director of EDS Europe. "What we need to understand is that those people chose to work for the transferring company, not ours. They need to know from the outset that they will have the opportunity to develop a career within EDS."

He says that the secret to a successful transfer is to maintain staff confidence and motivation throughout the process.

In common with most of his colleagues, Ebbutt arrived at EDS under a transferring deal. He had been personnel director in Unilever's computer services subsidiary when it was sold to EDS in 1984. "When it happens you are saying 'what about me, my terms and conditions? Am I going to have continuity of employment?'."

The company has developed a blueprint which it uses when drawing up new arrangements for incoming employees. When the Inland Revenue put its computing services out to tender it insisted upon comparable pension terms from any bidder. This meant that when Inland Revenue employees were transferred to the company they were offered two types of contract to choose from – the standard EDS package and one, including pension entitlements, which closely mirrored the one they had in public-sector employment.

'The idea is that we have a one-company philosophy that gives both the company and its employees the flexibility to work in a variety of areas. Initially many continue to do a similar job to that which they did before'

Sometimes the obstacles to a transfer are too great and the company has occasionally backed away from deals where it cannot find a solution to integrating employees.

The company's career development policies mean that transferring employees have training opportunities that will enable them to work elsewhere in the company.

"The idea is that we have a one-company philosophy that gives both the company and its employees the flexibility to work in a variety of areas. Initially many continue to do a similar job to that which they did before."

This has happened to Jean Pierre Lemée who came to EDS France from Rank Xerox and who now works among his former colleagues looking after the Rank Xerox IT account. "That was my added value to EDS. I knew the business." Working for another employer, however, he feels he needs to prove himself again.

Dave Cowan had been a UK civil servant for 12 years, transferring to EDS when the company won the contract to take over and run the Driver Vehicle Licensing Centre in Swansea. At the time he was a systems analyst and a trade union officer with the NUCPS civil servants' union. Today he is a technical development manager.

His image of EDS was that of a macho multinational with authoritarian management, partly arising out of its early years in the hands of Ross Perot who sold it to General Motors, its current parent.

"That image has not been born out by the experience. We were pleasantly surprised at the time when the management wanted to speak to us and said they wanted to make it as painless as they could. They provided a lot of information, covering both good and bad points of the move, including the possibility of some redundancies," says Cowan.

Two contracts were provided – both an image contract, mirroring that in the civil service and a standard EDS contract. After early suspicions, he says, there had been a stream of people moving over to the standard contract which included such things as private health and dental packages.

For many employees the biggest changes have been cultural, moving from public to private sector. As EDS continues to grow, swallowing up the IT departments of other businesses' its challenge will be to maintain employment conditions and career opportunities that will keep its employees on side.

ARTS

Out of tune in Prague

As the row over the resignation of Gerd Albrecht from the Czech Philharmonic continues, Andrew Clark traces the crisis back to the velvet revolution and looks to the future

The only surprise in Gerd Albrecht's resignation as music director of the Czech Philharmonic is that he was allowed to choose his moment of departure – instead of being booted out months ago. Although his limitations as a conductor were becoming increasingly obvious, he was also accused of arrogance and insensitivity.

As a German occupying one of the highest positions in Czech public life, Albrecht, 60, needed to show extraordinary tact and diplomacy. Here was a country which had been brutalised by Germans in the war, where Sudeten German property claims are a cause of continuing bitterness. And here was an orchestra representing the Czech soul, a source of immense national pride, now presided over by a German.

Instead of using his position to promote reconciliation, Albrecht fanned the flames of nationalist resentment. He criticised President Václav Havel and accused prominent Czech musicians of trying to undermine him.

Whenever he was accused of personal and artistic deficiencies, he projected himself as the persecuted German.

"It was not a question of Albrecht being a foreigner," says Zuzana Růžičková, who chaired the Czech Philharmonic's recently dissolved advisory committee. "There are many German artists, like Wolfgang Sawallisch and Helmuth Rilling, who are very popular here. Albrecht insisted on politicising his problems. No wonder people felt resentful."

By the end of last year, the Albrecht saga had become a soap opera on which every Czech – whatever his or her understanding of music – had an opinion. Alarmed by the slide in the Czech Philharmonic's international reputation, the culture minister, Pavel Tigrid, changed its constitution, trimming the music director's authority and transferring executive power to a Czech manager. It was a humiliating put-down for Albrecht, who had little option but to resign.

In media interviews over the past week, Albrecht has tried to absolve himself of responsibility for the crisis. He accused President Havel's adviser, Ivan Medek, of "constantly working against me in an evil way". He also launched a bitter personal attack on two senior Czech conductors, Jiří Bělohlávek and Libor Pešek, and the director of the Prague Spring festival, Oleg Podgorny. He claimed three-quarters of the orchestra still supported him.

The Czech Philharmonic now finds itself celebrating its centenary without a chief conductor, wracked by internal division and in the throes of the biggest public relations disaster in its history. Although much of the blame can be pinned on Albrecht, there were other forces at work. The seeds of the crisis can be traced to those heady months after Prague's velvet revolution, when democracy ran amok and the lure of capitalism was at its strongest.

During a Japanese tour in 1991, the orchestra held its first free vote for the post of music director. Bělohlávek, the incumbent, was deposed in favour of Albrecht, a Hamburg-based conductor whom the players saw as their passport to fortune. Rejecting advice that Albrecht did not fit its international image, the orchestra put its pocket first and gave him a five-year contract with sweeping executive powers.

The consequences of its choice began to dawn shortly after Albrecht took up the post in 1993. Rather than signing up with Deutsche Grammophon, the orchestra found itself recording for minor labels. Tour promoters in the key UK and US markets were not interested in Albrecht – and Albrecht refused to let the orchestra tour without him. He even turned down an invitation to play at the Vatican.

The orchestra also found itself passed over for prestigious engagements at home, such as the opening of this year's Prague Spring in May. Instead of offering the dates to the Czech Philharmonic, the festival invited Roger Norrington's London Classical Players to give the first historically-aware performances of Smetana's *My Country*. Albrecht retaliated by arranging for the Czech Philharmonic to perform the work on the eve of the festival, in the hall where Norrington wanted to rehearse.

The Czech government must also accept some of the blame. Instead of putting the orchestra on an independent footing, with a western-style board of directors and management of proven experience, the culture ministry meddled to a degree even its Communist predecessors would not have done. Since last July the orchestra's manager has been a ministry official on temporary assignment. Its new constitution envisages an artistic council of 17 – hardly conducive to strong executive control.

Albrecht's resignation leaves as many problems as it solves. The immediate task is to find a new music director. The natural candidate would be Bělohlávek, but he is heavily committed elsewhere, and is unlikely to accept in the present circumstances. Pešek has ruled himself out, saying "it would be nice to have another foreigner – to show that the Albrecht problem had more to do with personality than nationality". The favourite is Sir Charles Mackerras: he studied under Václav Talich, he loves Prague, speaks Czech and knows the orchestra. He would probably consider it an honour.

Ballet/**Clement Crisp**

Dances with death

For all the patent sincerity of his feelings, Matthew Hart's new ballet on the theme of Aids is ill-judged.

Hart, at the age of 24, has grown up in a world haunted by the dreadful toll of the disease, and his view of sexual relations is inevitably affected by this fact. Yet his *Dances with Death*, given its first performance on Tuesday night, is more clinical in its approach than psychological, as a white-clad corps de ballet of healthy cells is infected by a red and deadly virus (Darcey Bussell in a thankless and predictable role), and contagion passed from one man (Adam Cooper) to another (Jonathan Cope) and from him to a girl (Belinda Hatley).

The choreographic action is an all-too-innocent illustration of how Aids is communicated rather than a revelation of its tragic effects. There are anguished moments as each of the central trio rages against fate, but the sum effect is of a medical warning rather than choreographic (and hence poetically heightened) observation about the fact of this scourge in our world.

Hart's score is no help to him. He has chosen Britten's tense violin concerto (splendidly played by Vasko Vassilev), and if it is music whose atmosphere is as dark as Hart's theme requires, it rarely offers that rhythmic support so needed for dancing. Its length also outpaces Hart's ideas: I sensed action arbitrarily made to fill out the music.

That Hart is gifted and can make dances is not in doubt. At the moment he needs guidance and a chance to learn his craft without plunging into the deep end. There are bold if over-elaborate designs of white panels by Ian McNicholl, and a moving performance by Belinda Hatley as the woman victim.

The programme also brought the first performance of a duet by Ashley Page for Irek Mukhamedov and Viviana Durante. Using parts of three of Liszt's Hungarian rhapsodies, spatchcocked together, *... Now languorous, now wild...* is an adagio act of stunning unsuitability. Mukhamedov is dressed as Baron Hard-up and wears trousers made for him by an enemy.

Viviana Durante is trapped in a short brown lace number with a head-dress like a suicidal meringue, all malignly conceived to make her look like a teenage hooker.

These gems are designed by Antony McDonald who illuminates an otherwise dark stage with a piece of red scenery poking from an up-stage wing. The Opera House programme, for arcane reasons, offers pictures of Liszt and Lola Montes. It would have done better to use photographs of Dawn French and Jennifer Saunders. Anthony Twiner plays the Liszt medley with good grace while Mukhamedov rampages and tugs at an oddly roguish Durante.

The evening began with *Rhapsody* – which were better re-named *Flash-dance* – and ended with a revival of *The Invitation*. Created in 1960, this was Kenneth MacMillan's first mature statement about the power of dance to explore psychological states. Considered "shocking", it studied the sexual fates of a boy and girl: the boy is seduced by an older woman; her husband rapes the girl. I feared that its return to the repertory might reveal longueurs. It is good to report that the staging, supervised by Lynn Seymour, who was the original Girl, shows the ballet as good as ever.

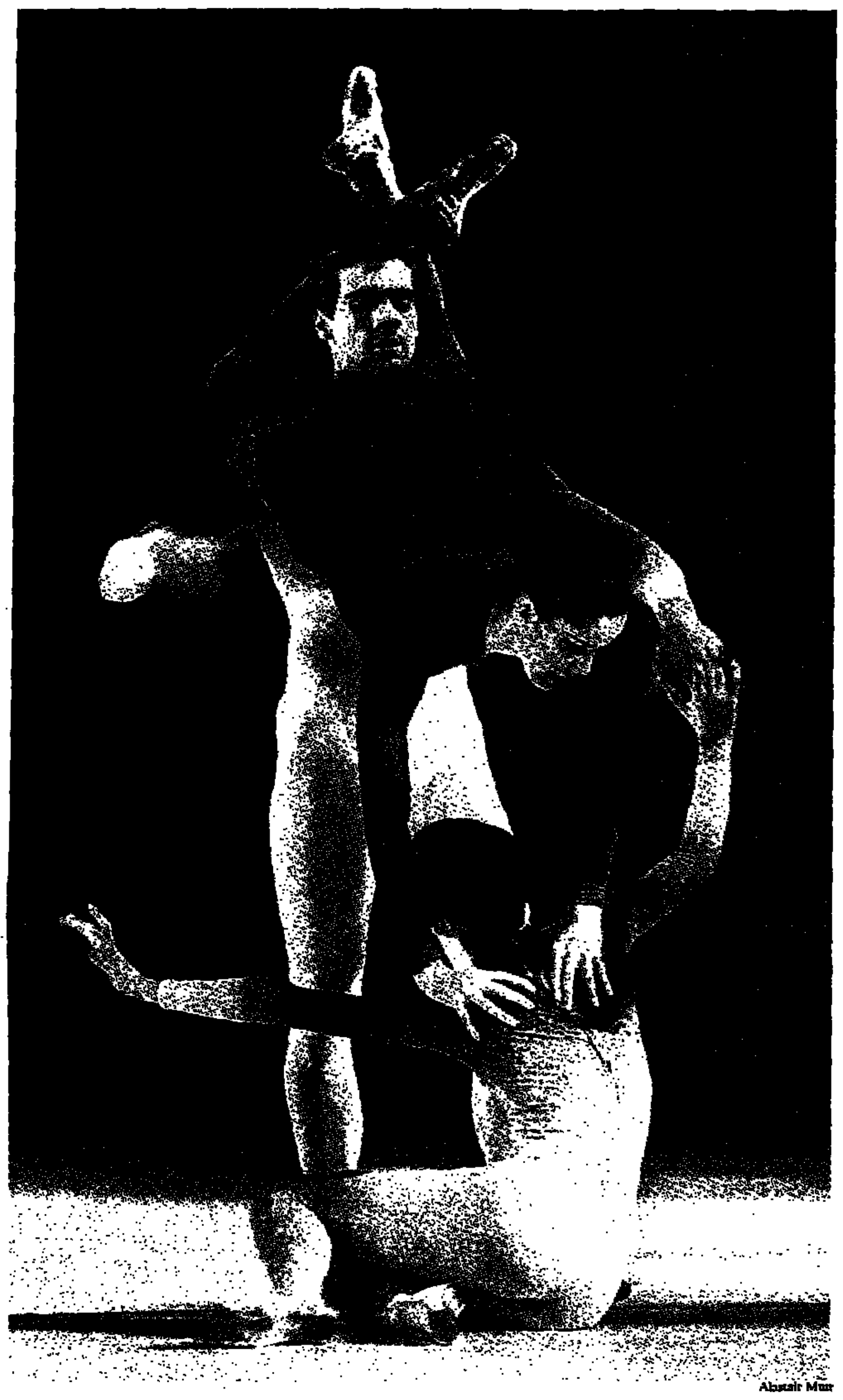
Nicholas Georgiadis' designs still glow, and against them, the drama moves with grand inevitability. Barry Wordsworth deserves every praise for maintaining the Matyas Seiber score's tensions at dangerous moments – the dance scene; the cock-fight – when the action might falter. The roles of the Husband and Wife are superbly done by Mukhamedov and Genesia Rosato (who has been coached by Anya Linden, a memorably beautiful interpreter).

The Boy and Girl have rather more problems. Stuart Cassidy is too mature and too tall (a crucial pose when the Boy lays his head on the Girl's – and later the Woman's – breast loses its force as he has to bend to far) to convey the youthful charm and urgency that marked Christopher Gable's original.

Leanne Benjamin is too bold, pushing at the boundaries of the drama. Seymour's genius here lay in her ability to hint rather than state, notably at the ballet's end when the Girl's walk must suggest a frozen sexual future.

But it is an excellent and heart-touching revival of a major work.

This quadruple bill can be seen on February 9, 17, 23, March 13, 15.



Alastair Muir

Adam Cooper, Darcey Bussell and Belinda Hatley in Matthew Hart's new work

Theatre/**Alastair Macaulay**

The Changing Room

What is a classic? Would that the season of Royal Court Classics at the Duke of York's Theatre had chosen another name. It was good to see both Ron Hutchinson's *Rat in the Skull* and Terry Johnson's *Hysteria*, both for the first time in my case. But classics? Not quite. Now the third and last in the present series, James Macdonald's staging of David Storey's *The Changing Room*, is more curious yet. Something is missing, but what?

Those of us experiencing it for the first time may well feel that we are watching a beautifully coherent and detailed production of a pointless play. In recent years, after all, we have seen many pointful plays about the games that men play with each other that this 1971 backstager about an afternoon of Rugby League feels too unassertive for its own good. And yet its three acts develop a texture more absorbing and rich than any of these subsequent plays about men. Its steady contemplation of one particular environment reminded me of the superbly post-Chekhovian works of, of all unlikely people, the choreographer Merce Cunningham: works in which often nothing appears to be happening before us except life itself.

After the performance I met a friend who remembered the original staging who said, without my prompting, that indeed it had resembled a Cunningham work, that it had been meticulously choreographed, and that it had been full of multiple meanings.

At any rate, the current staging manages to seem impeccable without bringing more than an occasional meaning to the surface. Nobody would call this staging "choreographed". Nonetheless, the play does not quickly fade from the mind. Its three acts take place before the match; at half-time (with what precedes and succeeds it); and afterwards. You can hardly miss the play's hierarchy, from the tired and ageing cleaner right up to the chairman. Everybody knows that the cleaner never watches a match; but we see also that the chairman does not mind skipping part of it to get out of the cold – and that afterwards he tells the players white lies about the parts of the game he missed. One or two players refers to wives or girlfriends, but it is remarkable how little these men have to say about life away from the game.

The most brilliant achievement of this staging lies, I think, in its passages of physical intensity, especially in Act Two. The violence with which the players burst back into the room at half-time; and the strange semi-delirium with which Kendal (Brendan Coyle), early in the second half, returns to the room with a broken nose and impaired vision: these have an exceptional impact. But, at the opposite extreme, the constant low-energy of Harry the cleaner is also very well caught by Ewan Hooper. He exudes no charm whatsoever; his expression seems never to change; and he hardly seems to have a life.

I do not feel the unspoken sadness after the match that people found in the original staging. Nonetheless, the ambiguities of the play – some of them sexual – keep assembling in the mind as the play returns to memory. Now that I know what kind of play *The Changing Room* is and what it is not, I find myself anxious to see it again.

Duke of York's until March 20.

A talent in need of fine tuning

Lee Evans is often a difficult man to read. Having found his way into comedy by the time-honoured route of getting laughs in order to curry favour, he still seems to harbour a fair amount of insecurity about his act. He appears truly incredulous to be playing a six-week season in the West End, and his thanks at the end of each half of the show sound genuine but awkward, as if he is painfully aware that "You've been a wonderful audience" is usually one of the most insincere lines lines a comedian can trot out.

Moreover, he spent much of the press night palpably bemused that we were not being quite wonderful enough. Although he had no trouble in eliciting a stream of medium-sized laughs, he appeared taken aback at several points that his anticipated big moments did not bring the expected guffaws. Where, say, Eddie Izzard turns the occasional comic damp squib into a quick gag at his own expense before shooting off again. Evans hangs onto his reaction for that extra moment which suggests an element of truth in it – and these responses come after gags which are by no means failures, but just have not fully met his performance targets.

But the ex-boxer and musician works his insecurity wonderfully into his stage persona. Early in the set he degenerated into a torrent of embarrassed half-syllables, like Frankie Howerd with a defective microphone. Many of his physical set pieces are at his own contorted, gangling expense. If he had a pound for every Norman Wisdom comparison that has been made about him, he could comfortably retire now, but the similarity is gloriously evident. Evans is a master of the uncoordinated lunge, tying himself in knots far too untidy ever to gain a scouting proficiency badge.

It is when this aspect of his comedy moves beyond himself as a subject that I begin to feel uncomfortable. Too many of his impersonations of other idiots – the trainee supermarket "gofer", the guy who always seems to be cleaning the floors of motorway service areas – look alike, and verge on what would elsewhere be condemned as "spastic" humour, although his intention is obviously nothing of the kind.

Lee Evans is rubber-faced, elastic-limbed man of the moment, and he has the comic ability to ensure a lengthy career. If he can strike the happy medium between caring too much about his reception and not thinking enough about some of his material, he will be phenomenal. He is already well on the way; all that is needed is a bit of fine tuning.

Ian Shuttleworth

Lyric Theatre, London W1, until March 16 (0171 494 5048)

INTERNATIONAL ARTS GUIDE

■ BERLIN

CONCERT
Deutsche Oper Berlin Tel: 49-30-3438401
● Vladimir Vogel zum 100. Geburtstag: concert of works by Vogel on the occasion of the 100th anniversary of the birth of this composer. Soloists include narrator Frieder Reininghaus, bass Josef Becker, baritone Morton-Ernst Lassing, flutist Wolfgang Daspach, oboist Sebastian Römisch, clarinettist Heinz-Gert Ruckell, saxophonist Dieter Velte and pianist Daniel Suttun; 8pm; Feb 12
Philharmonie & Kammermusiksaal Tel: 49-30-254880
● Giulio Cesare in Egitto: by Handel. Concert performance by Concerto Köln, conducted by René Jacobs. Soloists include Andreas Scholl, Lynne Dawson, Bernarda Fink and Louise Winter; 8pm; Feb 12
EXHIBITION
Das Bauhaus-Archiv, Museum für Gestaltung Tel: 49-30-2540020
● Bauhaustapete Rasch. Reklame und Erfolg einer Marke: exhibition devoted to the tapestries designed by the artists of the Bauhaus that were produced in the 1920s by manufacturer Emil Rasch; from Feb 14 to May 1
OPERA
Komische Oper Tel: 49-30-202600
● Die Fledermaus: by J. Strauss. Conducted by Yakov Kreizberg and performed by the Komische Oper; 7pm; Feb 12
Staatsoper unter den Linden Tel: 49-30-2082861
● La Calisto: by Cavalli. Conducted by René Jacobs and performed by the Théâtre Royal de la Monnaie and the Concerto Vocale; 6.30pm; Feb 11, 13 (7pm), 15

■ BRUSSELS

DANCE
Cirque Royal Tel: 32-2-2182015
● Ballet Victor Ullate: perform the choreographies Arrayan Daraxa and De Triana a Sevilla by Victor Ullate, and Before Nightfall by Nils Christie; 8.30pm; Feb 13, 14

■ FRANKFURT

CONCERT
Alte Oper Tel: 49-69-1340400
● Gemeinschaftskonzert der Frankfurter Chöre: concert by the Frankfurt choirs with conductor Rupert Huber and organist Martin Löcker on the occasion of the 100th anniversary of Anton Bruckner. The programme includes work by Bruckner, Brahms, Liszt, Cornelius and Labor; 5pm; Feb 11

■ HAMBURG

CONCERT
Musikhalle Hamburg Tel: 49-40-346920
● Hamburger Konzertchor: and the Göttinger Symphoniker with conductor Walter Gehlert perform excerpts from the operas Lucia di Lammermoor, Nabucco, Norma, Carmen and Un Ballo in Maschera. Soloists include the sopranos Annun Ziata, Lia Lantieri, Cecilia Maria Lapponi and Eleonora Wen, and mezzo-soprano Gritt Genauck; 8pm; Feb 10

■ HELSINKI

EXHIBITION
Ulkomaisen Taiteen Museo - Museum of Foreign Art, Sinebrychoff Tel: 358-0-17336360
● Joy and Fury. From Baroque to Symbolism: exhibition of German and Austrian paintings from the 17th to the 19th century; from Feb 15 to May 22

■ HOUSTON

EXHIBITION
The Menil Collection Tel: 1-713-525-9400
● Jasper Johns: The Sculptures: the exhibition includes 30 sculptures selected by Fred Orton, senior lecturer in history of art at the University of Leeds, in collaboration with the artist. The exhibition will travel to Leeds after the showing at the Menil Collection; from Feb 16 to Mar 31

■ LONDON

CONCERT
St. John's, Smith Square Tel: 44-171-2221061
● The Tallis Scholars: with conductor Peter Phillips perform works by Tye, Sheppard, Parsons and Tallis; 7.30pm; Feb 13
Wigmore Hall Tel: 44-171-9352141
● Amanda Roocroft: accompanied by pianist Malcolm Martineau. The soprano performs works by Haydn, Strauss, Falla and Britten; 7.30pm; Feb 13
EXHIBITION
Royal Academy of Arts Tel: 44-171-4397438
● Sir John Everett Millais and the Royal Academy: this exhibition marks the centenary of the death of Millais and draws on works in the Royal Academy's collection, as well as work from the Millais family; from Feb 13 to Mar 11
OPERA
Royal Opera House - Covent Garden Tel: 44-171-2129234
● Aida: by Verdi. Conducted by Jan Latham-Koenig and performed by The Royal Opera. Soloists include Julia Varady, Markella Hatziano, Sidwell Hartmann and Sidonie Winter; 7.30pm; Feb 13, 16

■ LOS ANGELES

EXHIBITION
Los Angeles County Museum of Art Tel: 1-213-857-6522
● From the Land of the Thunder Dragon: Textile Arts of Bhutan: exhibition of more than 50 textiles, fine silverwork accessories, and appliquéd Buddhist images; from Feb 15 to May 5

■ LYON

CONCERT
Opéra de Lyon Tel: 33-72 00 45 45
● Christine Schäfer: accompanied by pianist Graham Johnson. The soprano performs songs by Schubert, R. Schumann and R. Strauss; 8pm; Feb 12

■ NEW YORK

CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● Winterreise: by Schubert. Performed by baritone Wolfgang Holzmair, accompanied by pianist Ulrich Kölle; 8pm; Feb 13
OPERA
Metropolitan Opera House Tel: 1-212-362-6000
● Madama Butterfly: by Puccini. Conducted by Julius Rudel and performed by the Metropolitan Opera. Soloists include Diana Soviero, Wendy White, Franco Farina and Juan Pons; 8pm; Feb 12, 15

■ PARIS

CONCERT
Salle Pleyel Tel: 33-1 45 61 53 00
● Orchestre Symphonique Français: with conductor Chiu-Sen Chen, pianist Prisca Benoit and violinist Hagai Shaham perform works by Saint-Saëns, Mendelssohn, Conde and Mozart; 8.30pm; Feb 12
DANCE
L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99
● Ballet de l'Opéra National de Paris: perform three choreographies by Balanchine to music by Tchaikovsky: Sérénade, Pas de deux, and Allegro Brillante; 7.30pm; Feb 13, 15, 16

■ ROTTERDAM

EXHIBITION
Kunsthal Tel: 31-10-4400301
● Han van Meegeren (1889-1947). Van (miskend) kunstenaar tot meestervervalser: exhibition of work by this Dutch artist and renowned forger of Vermeers and De Hooghs; from Feb 10 to Jun 2

■ STUTTGART

OPERA
Staatstheater Stuttgart Tel: 49-711-20320
● Così fan tutte: by Mozart. Conducted by Alan Hacker and performed by the Oper Stuttgart; 7pm; Feb 11, 15

■ VIENNA

OPERA
Wiener Staatsoper Tel: 43-1-514442960
● Der Rosenkavalier: by R. Strauss. Conducted by Friedrich Pleyer and performed by the Wiener Staatsoper. Soloists include Julia Faulkner, Angelika Kirchschlager and Juliana Banse; 6pm; Feb 11

■ ZURICH

CONCERT
Opernhaus Zürich Tel: 41-1-268 6666
● Alban Berg Quartett: perform Mozart's String Quartet No.14 and String Quartet No.15, and Schnittke's String Quartet No.4; 8.30pm; Feb 12
OPERA
Opernhaus Zürich Tel: 41-1-268 6666
● Le Nozze di Figaro: by Mozart. Conducted by Nikolaus Harnoncourt and performed by the Oper Zürich. Soloists include Eva Mei and Isabel Rey; 6pm; Feb 11, 13 (7.30pm), 15 (7pm)

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Financial Times Business Tonight

Philip Stephens

No call for radicalism

Both main parties are seeking to dispel concerns about the future of the welfare state ahead of the general election

Crisis, what crisis? A demographic timebomb, an explosion in benefit payments, the welfare state blasted into bankruptcy. Forget it. That was yesterday's story. The politicians have awoken from their nightmare. It turns out that the detonators were duds. Britain can afford a civilised society after all.

Do not take my word for it. Listen to Peter Lilley, the secretary of state for social security. Few will need reminding that Mr Lilley is seriously of the political right. You would be hard put to find in John Major's cabinet a more instinctive enemy of big government and the dependency culture. This is the minister so anxious to curb public spending that he would rob the nation of its self-respect by denying a few pounds a week in benefit to penniless seekers of political asylum.

This week Mr Lilley delivered the inaugural lecture at Politeia, a new rightwing think-tank. I suspect that I was not alone in the audience in anticipating a radical vision of small government and self-reliant individualism. A day earlier Kenneth Clarke, the cabinet's lone leftie, had insisted that a One Nation welfare state was perfectly affordable and here to stay for as long as he held the purse strings. Mr Lilley, who is about as far from the chancellor in ideological outlook as Tony Blair is from Arthur Scargill, would surely give another side to the story.

In fact, he spoke intelligently and informatively. Mr Lilley is a confident master of his brief. But he sounded, well, almost complacent. The central political issue confronting every developed country was indeed the need to curb welfare spending, he *confirmed. And the key to* that dilemma was provision for the elderly, which in Britain accounts for about 40 per cent of the £90bn a year social security budget. But if other governments (especially those on the European continent) were still waiting for the explosion, Mr Major's administration had defused the bomb.

Private provision had raised the total value of funded pension schemes to a massive £600bn, and the increase in 1995 alone had been nearly £100bn. In other words, citizens in Britain had already salted away more for their old age than those in all the other European Union countries combined. What's more, Mr Lilley had been shrewd enough to equalise the pension age at 65 rather than 60, saving countless billions of pounds for future generations of taxpayers. And, as luck would have it, the demographic slope towards an ageing population was shallower in Britain than elsewhere.

Mr Lilley came well armed with statistics to sustain this thesis. The Organisation for Economic Co-operation and Development, for example, had published long-range forecasts for the national debt of every major economy on the basis of present pension provision and tax rates. It concluded that the national debt in France and Germany would double by 2030. In Japan, the level of government indebtedness would soar to three times the national income. By contrast, on present trends, Britain's debt would vanish and the government would begin to accumulate assets.

> Citizens in Britain have already salted away more for their old age than those in all the other European Union countries combined

For those in his audience harbouring any lingering doubts, Mr Lilley proffered similar reassurance on the bigger benefits picture. The overall social security budget, including unemployment, housing, disability and other transfers as well as pensions, had grown 5 per cent a year in real terms since 1948. Nothing else had contributed as much to higher taxation. But thanks to his salami slicing of a range of benefits over the past few years, the budget was now under control. The planned expansion was down to a little over 1 per cent a year, half the underlying growth rate of the economy, leaving ample headroom for tax cuts. End of nightmare.

There was, of course, an important difference of emphasis in these two contributions from right and left of the cabinet. With an eye no doubt on the forthcoming general election campaign, Mr Lilley's point was the narrow one that spending is now on a sustainable track. The voters could be reassured that, if the Conservatives were re-elected, they would wield scissors rather than shears when benefits required pruning.

Mr Clarke, meantime, was at pains to make the positive case for a welfare state embracing free education and health as well as social provision. In the chancellor's mind, an expensive role for government is not a question of political needs must. In a world of ever fiercer competition and ever greater insecurity, this is money well spent, a help rather than a hindrance to the free market economy.

As Mr Clarke put it in his lecture at the London School of Economics, "people need to be reassured more than ever before that, through thick and thin, their health will be looked after, their children educated and a safety net provided for their old age and periods of involuntary unemployment". Tony Blair, might use identical words.

The government is not alone in seeking to dispel needless alarmism about the future. The opposition also understands that to suggest before the election that the welfare state is an institution in crisis is to threaten unpopular spending cuts after the votes have been counted.

A year or two ago, the talk in the Labour party was of root-and-branch reform of the present system. More recently there has been much speculation that the party's curious flirtation with Singapore (I simply cannot understand Mr Blair's friendship with that great ally of democracy Lee Kuan Yew) might take Labour along the path to a system based on compulsory saving.

But as polling day looms, the ambitions are being scaled back. Gordon Brown, the shadow chancellor, is cautious about any proposals which might upset the voters. Chris Smith, the social security spokesman, has rejected a move to a Singapore-style savings scheme. The mood now is for incrementalism.

There is a serious danger in all this. To say that the social security budget no longer risks bankrupting the state is not to agree that the present structure is desirable or sustainable. A large proportion, perhaps two-thirds, of benefits spending represents "churning", smoothing out fluctuations in the recipient's income over their lifetime. The remainder marks a redistribution of resources to the poor.

But unemployment, low pay, poor educational attainment and a myriad of tax and benefit traps leave this second group of recipients ever more isolated. They suffer most from Mr Lilley's reforms, yet their income is so low that the notion of private provision is a cruel deception. Tinkering with the present system will not offer this ever more permanent underclass an escape route from the vicious circle of low incomes and state dependency. The welfare state is not in crisis, but there is a crisis within it.

·LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Drawbacks of a gold system

From Mr David A. Brown.

Sir, In "Bring back gold" (February 5), Michael Prowse suggests scrapping central banks, fully privatising the money supply, and guaranteeing the stability of the new regime through a requirement that privately issued banknotes be backed with gold (or *other appropriate* commodity). Mr Prowse's idea, like the flat tax rate, seems attractive at first sight. But consider the context in which it would proceed.

Communications technology, regulatory policy, and "free market" forces have uniquely combined to produce a globally wired financial system that is driven as much by expectations as by underlying economic fundamentals. The dynamics of speed, scope and competition consistently favour the short- over the long-term view.

Unsurprisingly, some of the toughest policy challenges now derive from an inherent and unresolved tension between the abstract demands of electronically mobile capital and tangible political, social and economic realities (witness Europe's present currency debate).

It is fine and good to try and buttress a currency with substance. But in an environment where sound macroeconomic policy often fails to stabilise sovereign currency, why should one expect gold effectively to insulate private consortium-backed cash? Whatever the regime the essential distributional and disciplinary choices remain. One should be alert to the motivations and relative leverage of those who propose to make choices on one's behalf.

David A. Brown,
Keizersgracht 312,
1016 EX Amsterdam,
The Netherlands

Just a clichéd view of Austria

From Frank Zeller

Sir, Giles MacDonogh, in his review of Gordon Brook-Shepherd's book *The Austrians* ("Ally of the Third Reich", February 3), chides the author for forgiving the Austrians "a few of their faults". This apparently is not something Mr MacDonogh wants to be said about himself. Indeed, he spares no effort to explain why Austria is "bad news" for him. Yet, where *Gordon Brook-Shepherd* presents history, Giles MacDonogh strings up a line of cliches and myths without much regard to historical context.

According to him, the world would be a much better place had it not been for the Austrians. Without Austria, no Hitler, without Austrians, no concentration camps.

Since there is no point in battling against cliches and *myths, let me* just set a few facts straight. First, Austria was never an "ally of the Third Reich". In fact, the idea of the "Third Reich" included doing away with *Austria in a* "Greater Germany". The "substantial numbers of Austrians continuing to believe that Adolf Hitler and the Third Reich were not so bad" are a far-fetched notion.

The assertion that "racialism is a powerful force in Austrian politics" is simplistic and neglects the fact that Austria received hundreds of thousands of Hungarian, Czech and Polish refugees during the *times of the Iron Curtain, not* counting the 1m Russian Jews who transited to freedom through Austria.

Schuschnigg was certainly not the only "occasionally witless figure" trying to deal with Hitler (remember Chamberlain?).

Indisputably, the Allies' decision for political reasons to make Austria Nazism's first victim" delayed the process of "Vergangenheitsbewältigung" *in Austria.* Yet, Austrian victims of National Socialism were being compensated increasingly over the last decades and the fund Mr MacDonogh mentions has made awards also in this country.

Finally, I find it difficult to believe that the warm welcome Austria received in Britain as a new member of the European Union only last year was directed to an "ally of the Third Reich". There must be more to Austria than that.

Frank Zeller,
first secretary,
press and information,
Austrian Embassy,
18 Belgrave Mews West,
London SW1X 8HU

Folly of a megastate a considered view

From Mr C.H.C. Fordham.

Sir, Ian Davidson is right in saying that Helmut Kohl is well placed to drive European events his way ("Beyond the catcalls", February 7). But British reaction to Kohl's speech is not irrational. It stems from the view held by the majority of Britons who *have considered the issues* carefully that it would be folly to build a European megastate on Kohl's designs. Where Britons go wrong is not in pointing out the sloppiness of Kohl's thinking, but in only debating among themselves.

The debate needs to carried more forcefully than now to *the people of all 15 members of* the European Union. In this way we will live up to William Pitt's claim that "England has saved herself by her exertions and Europe by her example".

Christopher Fordham,
16 Leamington Road Villas,
London W11 1HS, UK

Misery that is inflicted by late payers

From Mr James Robson.

Sir, As the managing director of a small company (20-plus employees) established more than 60 years I am absolutely disgusted by UK deputy primininsterMichael Heseltine's statement on delaying payments ("Heseltine fuels row over late payments", February 5).

I wonder how many honest businessmen suffered untold misery through his actions. My family have been life-long Conservatives but if men of Heseltine's ilk are to be our leaders I personally will back John Prescott, Labour's deputy leader, who appears to live in the real world.

James Robson,
managing director,
Robsons,
Wolsingham in Weardale,
County Durham, UK

From Mr J.B. Shea.

Sir, Is late payment the responsibility of the customer or the supplier?

I know it is fashionable to blame large companies for deliberately withholding payment from suppliers.

However, during the course of my career I have noticed some companies, with sensible credit control procedures, have little trouble getting paid, while others regularly run their businesses with three, four or even five months' sales outstanding as debtors.

J.B. Shea,
Shea & Co.,
chartered accountants,
Regent House, 291 Kirkdale,
Sydenham, London, UK

Europa · Erik Hoffmeyer

Bystanders at the infighting

The real debate on monetary union is about the relative *power of France* and Germany

Most observers begin an analysis of the European Union by looking at its historical evolution; they note how co-operation has gradually become more intimate and is leading to the establishment of an economic and monetary union – Emu.

I prefer to start by noting that the two driving forces behind the development of Europe over the past 30 or 40 years, France and Germany, find themselves in a situation in which their peoples are profoundly dissatisfied with this development.

In France, economic and monetary union is under attack because the government needs to tighten fiscal policy – so France can qualify to participate in Emu in 1999 – and has found that an appropriate place to make a start is the country's dated welfare legislation.

In Germany, more than two-thirds of the people are *opposed to Emu, and up to 70* per cent believe that switching to a common currency from the D-Mark will diminish the value of their money.

How is it that the governments of the two leading countries of Europe have got their populations against them? The concern is evident in Germany, and the anger persists in France, even after the government backed down on some welfare reforms to end the disruptive public-sector strikes at the end of last year.

One reason for the differences between the governments and their citizens is the unreal nature of the public discussions on Emu. These are consistently couched in economic terms when the real debate is about the relative power of the two nations.

The Germans resent others talking about the power which Germany has acquired. But irrespective of the incessant declarations by the country's politicians that power in Europe is not their aim, it is beyond question that the strength which the German *economy has gained over* many years is so substantial that it is a factor. When the Germans express an opinion or a wish on a political or economic issue they are listened to in a way that other countries are not.

Against this stands the power of France, but its influence is not as great as it was, and has surely declined since Charles de Gaulle dominated the European scene.

The Germans have long been in favour of economic and monetary union as a means to promote European solidarity. The political motive for this has been that Germany wants to be populated by "European Germans", as Chancellor Helmut Kohl puts it, meaning that nationalism should be subsumed into a federal Europe.

Many of the older generation agree that it is a good idea to bind Germany very closely to the other European countries as a means of avoiding a repetition of the country's exercise of power earlier this century.

In the case of France, there has been a gradual change of attitude. Initially, there was some hesitation about the surrender of sovereignty involved in Emu. But gradually the French realised that giving France a say in European *economic and monetary policy* in a centralised system was the only way of compensating for the unequal balance of power between Germany and France. Such are the fundamental political considerations behind Emu.

But other members of the European Union, such as Denmark, are in the curious position of bystanders at the spectacle of this French-German infighting.

When France and Germany agree, decisions are usually adopted; when they disagree, nothing happens. While this does not apply to all EU problems, it is definitely true of decisions regarding Emu.

The role of other countries is merely to find out whether it is possible to detect a point where the two are in agree*ment*. Otherwise we might just as well keep silent because it is the political relationship between the two countries that really matters.

German authorities say openly that Emu cannot be created without France and they do not care about other countries. This is not part of the Maastricht treaty.

And yet we are in a situation where the political establishments in France and Germany have badly misjudged the opinions of their electorates. The resentment is too strong to be ignored. The result is that Germany's attitude is becoming more and more cautious – and its demands on other countries tougher – as it seeks to defuse domestic opposition to Emu.

In the beginning, for example, the Maastricht treaty conditions on inflation, interest rate levels, exchange-rate policy and public indebtedness were considered rather loose targets, but they are now taken in Germany as unconditional targets which have to be interpreted strictly.

Then there is the request by Theo Waigel, the German finance minister, for a stability pact for Europe that would oblige Emu member states to cut their annual budget deficits to 1 per cent of gross domestic product in times of normal growth.

He has also raised the idea of expelling countries from Emu if they cease to fulfil the fiscal targets. The Germans interpret the treaty: the other countries all accept with military obedience.

In France, meanwhile, the politicians are becoming more and more eager to establish economic and monetary union before it is too late. The consequent pressures on French economic policy are almost impossible for the French to bear.

The politicians in the two countries have indeed got problems because they have not paid enough attention to the ordinary citizen's understanding – or lack of understanding – of the necessity of an economic and monetary union.

The political consequences may be that the ever sharper *German demands* – and Germany has taken on itself an exclusive right to interpretation of the Maastricht treaty – will be seen as an expression of German arrogance.

At the same time, France will be forced to realise that its power relative to Germany is no more than it was 100 years and more ago.

In this case, the Paris-Bonn axis will begin to break down, with incalculable consequences. It is remarkable that thoughts of this kind are being expressed not only by academics but recently also by people such as Helmut Schmidt, the former German chancellor, and Jacques Delors, the architect of the Maastricht treaty.

The author was governor of the Danish central bank from 1965 to 1995.

Up in flames: French workers protest against welfare reforms by burning an effigy of prime minister Alain Juppé Reuter

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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Friday February 9 1996

Israel's chance for peace

Mr Shimon Peres has apparently decided to opt for early elections in Israel in May, rather than wait until the end of October, when they were due. That would seem a sensible rather than a cynical move. It means that the peace negotiations which have been started with Syria – the most important piece in the Middle East jigsaw still to be put in place – will not be held hostage to the unpredictable divisions of Israeli domestic politics.

Mr Peres was torn in his decision between hoping for a Syrian peace deal in the course of the coming months, to help his re-election chances later in the year, and fearing that Syria would use the October deadline to force him into excessive concessions. But he has always insisted that peace must come first. On that he is surely right.

Of course it is possible that he will lose the elections in May, in spite of the fact that he appears to have a big lead in the opinion polls over his principal rival, Mr Benjamin Netanyahu of the Likud party. He owes that lead very largely to the wave of sympathy and horror which swept Israel at the assassination of his predecessor, Yitzhak Rabin, last November. Another terrorist atrocity shortly before the elections could transform the situation. Israelis are deeply divided about the wisdom of the peace process. Until Rabin's death they seemed inclined to abandon the effort, opting instead for embattled security.

That is the only option Mr Netanyahu appears to be offering. He does not have an alternative peace policy to that of Mr Peres. He would not negotiate any deal with Syria. He will not meet Mr Yassir Arafat, the Palestinian leader, and he would discontinue the gradual process of Israeli disengagement from the West Bank. All the indications are that a victory by Mr Netanyahu, with his nationalist allies, would bring the current peace process to an end.

The forthcoming elections will be the first in which Israelis will vote twice, both for a prime minister, and for a party. Thus it is possible that there may be a stalemate, for example if Mr Peres wins, but cannot put together a parliamentary majority. But that seems less than likely: a vote for Mr Peres would be a clear vote for the peace process to continue. On that at least he is unequivocal, and the other political parties could scarcely ignore it.

There is no doubt that Mr Peres' vision of peace throughout the Middle East leading to shared prosperity, and thus to removing the causes of violence, is enticing. But given the history of bitterness, and the fundamental disagreements on land rights between Israelis and Palestinians, it cannot be taken for granted. It is a high-risk strategy he is following, for his own people and for his political future. Yitzhak Rabin paid the ultimate price. But his death may yet give his successor a chance to negotiate a lasting peace settlement.

Angola in jeopardy

For the second time in four years, Angola's embittered leaders are in danger of squandering the country's chance of peace, and reviving a conflict which has already cost hundreds of thousands of lives.

That would be tragic enough. Yet more than the future of Angola is at stake. Unless the UN-monitored peace process stays on track, the vision of a stable and dynamic southern Africa will be no more than a mirage.

For this reason above all, Angola's plight should attract the urgent attention of the region's leaders, notably President Robert Mugabe of Zimbabwe and President Nelson Mandela of South Africa. They face a formidable task. Neither Angola's President Eduardo dos Santos nor his long-standing rival, Unita leader Jonas Savimbi, are without blame for the current crisis, though Mr Savimbi has most to answer for. It was his refusal to accept defeat at the ballot box by Mr dos Santos that led to the collapse of the first agreement, eventually salvaged under pressure from the international community.

Now the second attempt is in jeopardy. The ruling MPLA still seems to believe that it can win the war. It does not trust Mr Savimbi, and not without justification. He has failed to deliver his promise that 16,500 of his men would report to assembly areas by yesterday, prior to demobilisation.

Given the record of past failure and seemingly implacable enmities, it is hardly surprising that UN members yesterday made clear their irritation and impatience by extending the mandate of the monitoring force by only three months, rather than the six months sought by the secretary general Boutros Boutros Ghali.

Yet given the complexity of the task, and the consequences of failure, southern African leaders should be urging the world body to stay the course. Indeed, there is a case for providing additional resources to the monitors. Funds will not be forthcoming from the cash-strapped UN, and nor should they be. Angola has the means – notably income from the 650,000 barrels of oil a day which currently fuel the ruling party's war effort. If both sides are serious about peace, they should be prepared to help pay for the process.

At the same time, the region's leaders should call on the Security Council to impose an embargo on arms supplies to both sides. Although military supplies to UNITA are already banned under a UN resolution, those to the Angolan government are not.

Blessed not only with oil, but with diamonds and a potentially flourishing agricultural sector, Angola is one of the few countries in Africa with the prospect of prosperity if it can only have peace. That is why it is worth both sides being prepared to pay for peace. The time has come for Messrs Mandela and Mugabe to hammer home that message.

Active defence

According to Kant, whoever wills the ends wills the means. This is not, apparently, a point of view shared by the British Ministry of Defence, at least when it comes to its handling of the defence industry. In reply to a Commons report on the future of the industry in Britain, the MoD acknowledges that rationalisation of the industry across Europe is both necessary and desirable. What the MoD then refuses to accept is that the means to that end inevitably requires action on its own part.

That there is a need for restructuring of the global defence industry is in little doubt. Within Europe the signs of an overcrowded and inefficient market are everywhere. The duplication of effort by countries, both in military research and manufacturing, is manifest. An alarming proportion of the defence industry's costs are fixed overheads, rather than in the variable costs of production.

Despite the evident need for action, the British MoD says that while it listens with a sympathetic ear to industrial problems, it is for companies and companies alone to determine the future shape of the industry. This is an unrealistic position to adopt as the sole buyer of an industry's products, in an arena so closely bound to politics.

Even if the General Electric Company said tomorrow that it wished to merge its Marconi defence business with Thomson-CSF of France, or British Aerospace were to announce its intention to combine with Daimler-Benz Aerospace, neither could move far without MoD help in negotiating political clearance. More than that, the UK government should press its partners to co-ordinate equipment requirements and agree to a reciprocal opening of markets and swapping of defence assets – a policy from which EU members would gain. The US provides a good model here: it is the Pentagon's helpful attitude to rationalisation which has made many of the recent American mergers possible.

Britain has much to offer to the transformation of the European industry. Its policy of greater openness and competition in procurement is surely right, and others may move toward it if the UK argues its case in European councils. Defence is also one of the few industries within Europe where Britain still has a lead in technologies and skills which give it weight. The European defence industry could well be shaped in an image heavily influenced by British thinking, if the UK only has the courage to lead the debate. If its current passivity leads to other views prevailing, it will only have itself to blame.

Kant qualified his view by saying that he who wills the end wills the means within his power. It is within the MoD's power to assist the company-led consolidation of the European defence industry. If it really believes in that end, it should do so, and quickly.

TV contestants on their marks

Raymond Snoddy on the frenzy in the UK media industry that could follow yesterday's £3bn merger

Lord Stevens and Lord Hollick did not have all the time in the world to discuss the £3bn merger of their media groups announced yesterday.

Lord Stevens – chairman of United News and Media, publishers of the Daily Express – and Lord Hollick – managing director of MAI, the broadcasting and media services group that controls two Independent Television licences – were aware that the clock was ticking as they held a series of increasingly intense meetings. They were held first in each other's offices and then at a neutral, anonymous address.

Although both sides yesterday denied any defensive motives behind the merger, and emphasised the positive opportunities it offered for growth in international media markets, each group faced a potential problem.

Time was shortest for MAI. A new broadcasting bill has already begun its course through the UK parliament – a bill that will cast aside the present rule preventing any company owning more than two of the 14 regional ITV commercial broadcasting licences. The new limit will be set at 15 per cent of total viewing, a generous level intended to increase consolidation in ITV. It could allow large players such as Carlton Communications to make a run at MAI and its attractive English television licences – Anglia Television and Meridian Broadcasting.

Although no predator had emerged MAI could have found itself under threat by the summer.

United's problem was less pressing but none the less real. How could United, a company with no presence in the electronic media – apart from information on digital databases – join the fast growing multimedia business? Lord Stevens was keen, but the 1990 Broadcasting Act prevents newspapers groups owning more than 20 per cent of a television company; television assets, furthermore, are expensive.

The coming together of the two peers and their two groups to form an integrated media group solves potential problems for both parties. One of the remarkable things about the new company – so far unnamed, although United Media will do for now – is how complementary the businesses are. There is virtually no overlap between United's national and regional newspapers, advertising publications, business magazines and exhibitions and MAI's broadcasting, cinemas, market research, and broking and financial information businesses.

In some areas there will be clear opportunities for cross-promotion. The newspapers of United Media will be able to promote the television programmes and the new cable and satellite channels the old MAI was planning to launch.

But the principal argument put forward by Lord Hollick – and it was mainly Lord Hollick who did the talking yesterday – concentrated on improving margins in existing businesses, enjoying economies of scale and having enough resources to invest immediately to take advantage of fast-moving markets. Savings worth at least 10 per cent of the combined operating profits of £269.5m are promised.

"I think the big opportunity is to develop businesses in a number of key markets," said Lord Hollick.

It is equally clear that there will be, over time, a process of choosing which companies can be leaders in their markets and disposing of the rest. If, for instance, the present vigorous attempt to reverse the decline in circulation at the Daily and Sunday Express were to fail after two or three years then the titles could indeed be for sale.

The question the rest of the media world will be asking today is whether any other media groups will be able to find their way through the present regulatory thicket to put together a newspaper and television grouping before the current broadcasting bill becomes law, probably in July.

To stay on the right side of the existing law, United and MAI are using the "deadlocked company" device. The control of Express Newspapers will be re-organised and all the shares transferred to two new subsidiaries. UBS, the securities group, will technically control 50 per cent of the subsidiaries, but will take only a fraction of the economic benefits. The aim is that no-one should be seen to be controlling Express Newspapers as far as the current Broadcasting Act is concerned.

The Independent Television Commission said yesterday that it appeared that the device met the legal requirements of the existing Act; the loophole is being closed in the current broadcasting bill by giving the ITC the discretion to decide where control actually lies.

The ITC also said yesterday it saw no difference in principle between depositing Express Newspapers in a deadlocked company and doing the same for an ITV licence. This means that in theory the floodgates are now open for those who want to pounce on ITV companies such as Yorkshire-Tyne Tees, HTV or Scottish Television.

Two obstacles have to be removed, however, before ITV can turn into the Wild West. Another clause of the 1990 Act says that after two licences are held an ITV company can hold only an additional 20 per cent in a further licence. As "deadlocked" companies require the holding of exactly 50 per cent by each party, some further corporate engineering may be required. Uncertainty also remains about exactly how much of ITV a single company will be allowed to own in terms of advertising revenue by the Office of Fair Trading.

The unresolved ambiguity is unlikely to stop a frenzy of excitement. Associated Newspapers, publishers of the Daily Mail, which has long expressed a desire to get into television, may now decide to use the United/MAI version of the deadlocked company device.

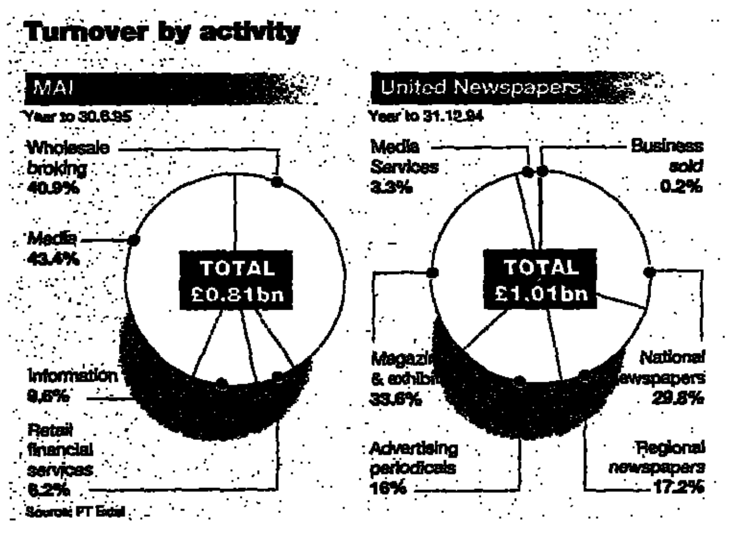
And will Mr Michael Green, chairman of Carlton, be prepared to stand by and watch the last free-standing ITV companies snapped up? Mr Green will be at his desk today trying to work out the implications of the move.

Most UK media stocks rose yesterday on the grounds that they would either be predator or pursued.

Ironically Carlton shares fell, apparently on fears that that Michael Green might be tempted to launch a counterbid for MAI.

Last night the only certainty – in the absence of any counterbids emerging for either United or MAI – is that in the game of musical chairs the music is getting faster and two chairs have been taken away.

Turnover by activity



Source: FT Extel

A lord to the left, a lord to the right

At the press conference yesterday it took only a glance at the platform to tell the difference between the two men who will run the merged United News and MAI.

The sign in front of Lord Stevens, who will be chairman of the as yet unnamed media group, said Lord Stevens. But the label for the new chief executive said simply Clive Hollick, even though he too is a peer of the realm.

Such nameplate nuances reflect the political affiliations of the two. Lord Stevens of Ludgate, 59, who loves his peerage and all it stands for, got it after donning the political mantle of Lord Beaverbrook and ensuring that the Daily and Sunday Express assiduously supported the Conservative cause.

The 50-year-old Lord Hollick of Notting Hill, who sometimes seems sheepish about his ennoblement, received his ermine because he was a founder trustee of the Institute for Public Policy Research, the left-of-centre think-tank. He is also that relatively rare animal – a successful businessman running a public company who is also a socialist.

Lord Hollick is a former non-executive director of the pro-Labour Daily Mirror. Before the last election it was he who hosted lunches to introduce business executives and the City to Mr Neil Kinnock, then Labour leader. If Labour's lead in the opinion polls is translated into votes at the next election then Lord Hollick could become a rather more influential peer than his chairman.

After studying economics at Cambridge and making a name as an investment banker, Lord Stevens became chairman of United Newspapers in 1981. He enlarged the group and embraced new activities, including a profitable business in trade fairs and exhibitions.

Lord Hollick first came to prominence when he was put in charge of rescuing Vavasseur, a failed fringe banking group – making him the youngest managing director of a quoted company at the time. He transformed it into the MAI group, expanding it from money broking and the Mills & Allen poster group into personal financial services.

In 1992 he was part of the Meridian consortium that won the independent television franchise for the south of England. Meridian took over Anglia television in 1994, and in partnership with Pearson, publisher of the Financial Times, was the successful bidder for the new Channel 5 franchise last year.

Although they are unlikely to find themselves in the same voting lobbies in the House of Lords, the two peers have more in common than meets the eye. Both are self-made men and both have a puckish sense of humour. They also share an eye for the bottom line – Lord Hollick in particular has a reputation for keeping his eye on expenses.

Although they run media companies, both are private men who rarely give interviews and are hardly ever seen on television.

Lord Stevens breaks cover in a grand manner once a year to host a lunch at London's Savoy Hotel for a few hundred of the most influential people in media and politics.

Each year the routine has been the same. Lord Stevens gives a brief assessment of the state of his company, tells a few jokes and gives a short political homily – often, as if he really were the reincarnation of Lord Beaverbrook, critical of the Conservative government and its stance on Europe.

This year's lunch will be particularly interesting. Lord Hollick will have to decide whether or not to block such extravagance – or join the festivities himself.

· OBSERVER ·

Read me – on you

■ Cabinet ministers around the world should take a leaf out of their German colleagues' books.

In fact, they'll probably send you the whole book if you ask nicely – courtesy of the domestic taxpayer.

The keeper of the nation's purse strings, finance minister Theo Waigel, seems to be one of the more enthusiastic spenders, according to an article in Der Spiegel, the weekly magazine.

He has allegedly shelled out DM93,000 ($63,265) of public money buying up 4,000 copies of his book on Germany's 1990 currency union, co-authored by Manfred Schell – thoughtfully presented to the media during the 1994 campaign.

When chancellor Helmut Kohl heard tell of Waigel's spending habits, he asked around in the chancellery to see what his own office did. In principle, public money was not spent on such things, he was told – though the government press office had bought up half the print run, 5,000 copies, of Kohl's book on German unification. Defence minister Volker Rühe off-loaded 3,600 copies of two recent books to the army, at an undisclosed price.

At the pfennig-conscious end of the cabinet, by contrast, employment minister Norbert Blüm spent just DM2,028 on 283 remaindered copies of collection of his speeches – for the consumption of his house guests.

The research ministry admitted it had bought one copy of its boss Jürgen Rüttger's Dinosaur of Democracy for the library. Which leaves environment minister Angela Merkel, who entrusted her book of speeches and essays to the free market. But then, she's from east Germany.

Hats off

■ There will be a sigh of relief among some of the BBC's more intrepid reporters at the news that Chris Cramer, veteran BBC news gatherer, is defecting to Ted Turner's CNN International.

Cramer, who will be managing editor of CNN International, is a hard taskmaster. It was he who ordained that BBC TV correspondents must not wear fur hats. This might be OK for Robin Oakley and his political team at Westminster. But for overseas correspondents in some of the colder parts of the world it has been a nightmare.

The BBC likes its correspondents to stand in the snow when reporting from places like Washington and Moscow. Overcoats, boots, gloves and even scarves are permitted. But not hats. It thinks it undermines the correspondent's authority.

Angus Roxburgh, the BBC's man in Moscow, felt so strongly about the attitude of the BBC management that he penned an impassioned letter to The Independent just before Christmas, claiming that "the increased medical bills for our constant colds, flu and rheumatism don't seem to bother them at all". With Cramer gone, sissies like Roxburgh may get their fur hats after all.

Be a doll

■ Bill Gates has obviously had his eye on Barbie for some time. Why? Because Jill Barad, chief operating officer of Mattel, the toy company which makes Barbie dolls, has just joined the board of Microsoft, Gates' software company. Barad is, we are told, "widely credited for her part in the dramatic growth in sales of Barbie dolls".

The possibilities of such a union are considerable. Barbie's family will doubtless be extended, with long lost half-sisters such as Barbie Computer Programmer and Barbie Billionaire flaunting their nubile forms out of the Windows software. Not exactly calculated, though, to win friends among the long-suffering parents, already thoroughly exasperated by the doll's relentless popularity.

Not a XXXX

■ As Australians prepare to go to the polls on March 2, Barry Young, a senior electoral officer in Western Australia, has more of a logistical problem than most. Kalgoorlie, the parliamentary district in western Australia for which he is responsible, is at 2.26m square kilometres, probably the largest in the world.

So why would Australians, who presumably share most of the rest of the western world's disenchantment with the political breed as a whole, drive or walk for days to reach some makeshift polling booth on a cattle ranch, just to encourage the jokers in Canberra? Well, voting is compulsory in Australia. But even so, with fines set at A$50 ($38) or less, it has to be a lot cheaper to stay at home.

Origami

■ Britain's teenage girls' magazines are not the only one's which leave a bit to be desired. The circulation battle among similar sorts of mags in New Zealand has led to a desperate effort by the three leading contenders to carve out their own niche. Cosmo, it seems, tells you when you have had an orgasm, Cleo tells you how to have one, and the NZ Woman's Weekly tells you how to knit one.

Superlative

■ Fed up with Americans telling you to "Have a nice day"? It gets worse. Observer has just been told to have "an outstanding day".

Financial Times

50 years ago

The diamond industry
Mr H.F. Oppenheimer said at the annual meeting of the Rand Selection Corporation in Johannesburg: "The diamond industry has had a most prosperous year. Sales of diamonds reached £24,500,000, a figure which is unlikely to be bettered as accumulated stocks of the Diamond Corporation have been liquidated, and in future demand must, generally speaking, be met from current production. The position this year may, however, be helped by the release of certain diamonds held in stock in Canada for war purposes."

U.S. demand for British cars
New York: The big steel and auto labour strikes have resulted in a demand for British motor cars in the United States. Sales of British light-powered and comparatively expensive cars sold at a rate of about 500 a year over here before the war. Now J.L. Green, New York wholesale distributor of Austin cars, says he has ordered 1,000 Austins for delivery in the next three months and hopes to get 5,000 during the year. Mr. Green claims he could sell 50,000 to "car-hungry" Americans.

FINANCIAL TIMES
Friday February 9 1996

MPs vote to remove Slezevicius over handling of bank crisis

Lithuania sacks PM in cash row

By John Thornhill in Moscow

The Lithuanian parliament yesterday voted to remove Mr Adolfas Slezevicius as prime minister for his handling of a banking crisis which has badly dented the Baltic state's fragile economy.

President Algirdas Brazauskas had asked parliament to dismiss Mr Slezevicius, a former ally, saying the prime minister had behaved improperly in withdrawing money from his personal account in Innovation Bank two days before it was closed by the country's central bank.

Parliament backed the president's call by a vote of 94 to 26, ensuring that a new government will have to be formed. It is not yet clear whether parliamentary elections scheduled for October will now have to be brought forward.

Virtually all former communist countries in central and eastern Europe introducing market reforms have encountered problems with banking collapses, which have been blamed on financial inexperience and poor monitoring.

The banking problems which hit Lithuania were particularly severe given the size of the banks involved. Innovation Bank was the country's biggest financial institution, holding 16 per cent of all bank deposits.

The government came under fire from opposition MPs for refusing to bail out the banks and fully compensate retail depositors. But the government argued that a large injection of money into the banking sector could destroy its economic stabilisation programme.

Mr Slezevicius had refused to resign after the banking crisis began in late December and initially won the reluctant support of Mr Brazauskas. But opposition MPs were furious about his alleged misconduct and continued to pursue the prime minister.

Opposition politicians rounded on Mr Slezevicius yesterday attacking the government's harsh monetary policies, which they claimed had inflicted much suffering on the poor. The ruling Labour party also backed the vote to dismiss Mr Slezevicius after previously voicing lukewarm support.

In a defiant speech to parliament yesterday, Mr Slezevicius said he could not understand why the president had now abandoned him, and defended his record in managing the economy since his appointment in March 1993. "The main achievement of this government is the economic stability of the country," he said.

Following the vote, President Brazauskas appointed Mr Laurynas Mindaugas Stankevicius, the local government minister, as acting prime minister and said he would aim to nominate a permanent replacement by Monday.

Russia may raise $500m in Eurobonds

Continued from Page 1

Russia and the possibility that a Communist party candidate might win the elections, replace Mr Boris Yeltsin as president and default on Russia's international obligations.

Mr Gennady Zyuganov, the Communist party leader who tops opinion polls, presented a moderate face to politicians and business leaders at the World Economic Forum in Davos this week.

Russia has been keen to return to the international capital markets to widen its range of budget financing options and lower its cost of borrowing.

The government has made great strides in developing the domestic Treasury-bill (GKO) market, which now has a daily turnover of about $500m, but it is still paying nominal annual yields of more than 50 per cent on its short-dated paper.

The GKO market has become a vital factor in helping finance Russia's budget deficit by non-inflationary means.

NTT admits it employed government officials in US

By Michiyo Nakamoto in Tokyo

NTT, Japan's largest telecommunications operator employed officials from the ministry of posts and telecommunications in its Washington office during a time of sensitive talks with the US over procurement of telecoms equipment.

The disclosure highlights the close links Japanese companies enjoy with the ministries charged with regulating them.

The news comes as NTT faces a government decision by the end of this month on whether it should be broken into smaller entities in order to stimulate competition in Japan's domestic telecoms market.

NTT's relationship with the MPT is complicated by the fact that the ministry has been a strong proponent of breaking up the telecoms company, a move vigorously resisted by NTT.

According to NTT, the company employed about 10 officials from the MPT between December 1985 and June 1994 at its office in Washington, which was established to gather information on US government moves and media coverage of US pressure on Japan to increase public procurement of telecoms equipment.

"We did not have enough people with experience in such matters and it was a time when there was a lot of friction over procurement by NTT of foreign equipment," the company said.

The period in question was a time when Japan came under severe pressure from the US to open its markets to foreign telecoms equipment makers. NTT, which is Japan's largest buyer of telecoms equipment, was a particular target of US pressure.

The Washington office, where no employees from NTT itself were stationed, also functioned as a base for MPT officials and Japanese politicians visiting the US capital, according to the Mainichi, a Japanese national daily. The Mainichi stated further that NTT paid a total of Y700m ($6.6m) in salaries and expenses over the nine years.

During the time they were employed by NTT, the officials resigned from the MPT and became NTT employees. However, all of them eventually returned to the MPT, according to the telecoms company.

While NTT's office in Washington was closed last summer, NTT confirmed yesterday it has employed officials from the telecoms ministry over the years, paying their salaries, and has sent its own employees to the ministry in exchange.

The practice of sending officials to private companies is not restricted to the posts and telecoms ministry. The ministry of international trade and industry sends officials to private companies for training. However, their salaries during their training period are paid by Miti.

The ministry of finance, which has recently come under unprecedented criticism for its role in Japan's financial crises, also confirmed that it sends its officials to private companies and banks on secondment.

The practice underlines the strong links between private business and industry regulators.

Alitalia plans to sue former chief

By Robert Graham in Rome

The board of Alitalia, Italy's troubled national airline, yesterday pledged to take legal action against Mr Roberto Schisano, its recently sacked chief executive, for alleged damage caused by his administration.

The action marks a further twist in Alitalia's long-running saga to restructure. It also underscored the peculiar status of Mr Schisano, who remains on the airline's board although he was summarily dismissed from all executive responsibilities in October.

He has consistently rejected all allegations of mismanagement levelled against him by Alitalia and from Iri, the state holding company and chief shareholder of the airline. Mr Schisano, the first chief executive headhunted from private business to run a state company, was present at yesterday's board meeting.

He is reported to have behaved in his usual cool manner and requested that the minutes note he reserved the right to reply.

Alitalia said yesterday it was invoking company laws that permitted the resort to either civil or criminal action against Mr Schisano. In theory, he would be liable for damage resulting from any action considered damaging to the company.

He joined Alitalia in February 1994 having been recruited from Texas Instruments. He immediately began to carry out his brief of preparing Alitalia for privatisation with a radical restructuring plan including major changes in union work practices, greater productivity, a reassessment of routes and new wage structure.

However, he quickly ran into labour problems provoked by a decision to lease aircraft and crew from Ansett Airlines, the Australian company, for some intercontinental routes. This provoked a series of damaging strikes which intensified during 1995.

He was fired before agreement had been reached with the unions, but not before he had negotiated a secret deal with the pilots for an average L28m ($17,800) annual salary increase.

When news of this deal emerged last August, both Iri and Alitalia denied it, while the government made clear it was unacceptable. The existence of this secret deal remains one of the major stumbling blocks in obtaining a restructuring agreement with Alitalia employees.

Yesterday, unions were quick to claim that the action against Mr Schisano demonstrated that the deal existed and that Alitalia was trying to avoid honouring it.

The new management of Alitalia has so far held back from a showdown with the unions, but without union backing for restructuring, a new capital increase of L1,000bn to L1,500bn cannot go ahead.

As it is, this cash injection could be scrutinised by the European Commission.

Alitalia is expected to have made an operating loss of L250bn in 1995.

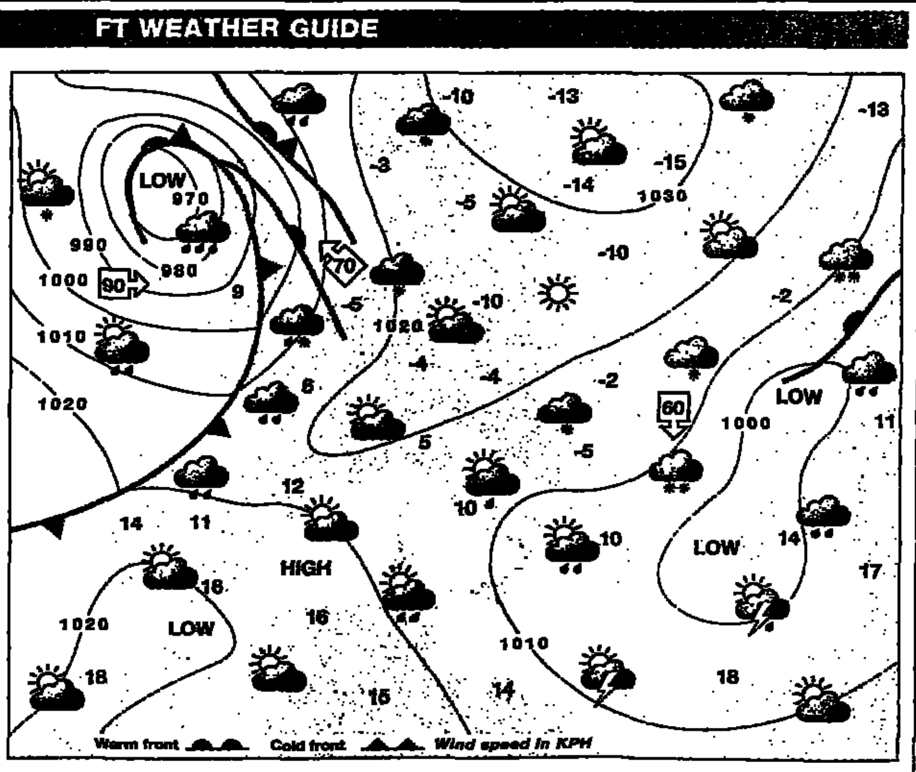
FT WEATHER GUIDE

Europe today

Snow over most of Britain will turn to rain later as a result of low pressure north-west of Ireland. Gale force winds are expected in Ireland. The Benelux and northern France will have snow, turning to rain later. Rain is also expected over south-west France and the north-west part of the Iberian peninsula, while other areas of France, Spain and Portugal, as well as Italy, will be mainly sunny and dry. Greece will have showers in the morning, becoming drier later, while Turkey will remain wet. The Balkans will be cloudy with snow. Northern Germany and large parts of eastern Europe and Scandinavia will remain sunny but cold, while central Sweden and southern Norway will be cloudy, with snow around the Oslo area.

Five-day forecast

Mild air, bringing heavy rain or showers, is expected to reach most of western Europe, especially countries bordering the North Sea and the Baltic Sea. The high pressure over north-eastern Europe which recently brought wintry conditions to the region will move beyond the Urals. A new high pressure system will build over Portugal and Spain, bringing sunny and dry conditions to the entire Mediterranean region.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	24
Accra	cloudy	31
Algiers	sun	16
Amsterdam	snow	-1
Athens	shower	10
Atlanta	cloudy	17
B. Aires	fair	30
B.ham	rain	7
Bangkok	cloudy	32
Barcelona	fair	12
Beijing	sun	3
Belfast	rain	8
Belgrade	cloudy	-4
Berlin	sun	-8
Bermuda	shower	21
Bogota	fair	21
Bombay	fair	33
Brussels	sleet	2
Budapest	snow	-5
C.hagen	fair	-6
Cairo	cloudy	19
Cape Town	sun	28
Caracas	thund	29
Cardiff	rain	9
Casablanca	sun	18
Chicago	snow	2
Cologne	cloudy	-1
Dakar	sun	26
Dallas	fair	21
Delhi	fair	22
Dubai	sun	26
Dublin	rain	9
Dubrovnik	cloudy	9
Edinburgh	rain	6
Faro	fair	17
Frankfurt	cloudy	-2
Geneva	fair	3
Gibraltar	fair	16
Glasgow	rain	6
Hamburg	sun	-5
Helsinki	cloudy	-12
Hong Kong	cloudy	16
Honolulu	fair	29
Istanbul	rain	5
Jakarta	rain	30
Jersey	rain	9
Karachi	sun	29
Kuwait	sun	19
L. Angeles	sun	19
Las Palmas	fair	21
Lima	cloudy	27
Lisbon	fair	14
London	rain	7
Lux.bourg	snow	-2
Lyon	fair	2
Madeira	cloudy	18
Madrid	fair	11
Majorca	fair	14
Malta	shower	12
Manchester	rain	8
Manila	fair	30
Melbourne	cloudy	17
Mexico City	sun	22
Miami	fair	25
Milan	fair	6
Montreal	snow	-4
Moscow	fair	-12
Munich	cloudy	-2
Nairobi	shower	28
Naples	fair	8
Nassau	fair	26
New York	cloudy	6
Nice	sun	13
Nicosia	shower	16
Oslo	snow	-10
Paris	rain	5
Perth	sun	33
Prague	cloudy	-8
Rangoon	fair	33
Reykjavik	cloudy	0
Rio	fair	30
Rome	sun	10
S. Frsco	fair	17
Seoul	fair	-2
Singapore	shower	30
Stockholm	cloudy	-6
Strasbourg	fair	0
Sydney	rain	23
Tangier	sun	16
Tel Aviv	shower	20
Tokyo	shower	10
Toronto	cloudy	2
Vancouver	fair	7
Venice	sun	4
Vienna	cloudy	-4
Warsaw	sun	-8
Washington	fair	8
Wellington	cloudy	18
Winnipeg	fair	2
Zurich	fair	3

THE LEX COLUMN

United they stand

MAI's planned £3bn ($4.6bn) merger with United News and Media has precious little industrial logic. Enthusiasts wax lyrical about how United's newspapers can be used to promote MAI's television channels, in the way that Mr Rupert Murdoch used his newspapers to launch BSkyB. The snag is that United's papers are not a propaganda tool in the same league as Mr Murdoch's Sun, News of the World, Times and Sunday Times. While the national papers may be some help launching nationwide Channel 5, in which MAI has a stake, the regional papers will not be much use in promoting MAI's regional ITV franchises – they do not even cover the same geographical areas.

Why then merge? In part, to deter hostile predators which would make a more logical fit. MAI would find more in common with another ITV group while United is a classic case for a break-up bid. By creating a media conglomerate spanning moneybroking, *exhibitions and magazines as well as* papers and TV, MAI/United would deter all but the most determined bidder.

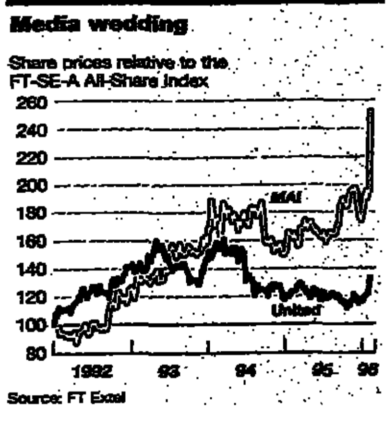
That said, shareholders can gain from the deal if it results in MAI's successful management being applied to United's underperforming assets, especially the national papers. The omens are fairly good, as Lord Hollick, MAI's managing director, will be chief executive of the merged group. Nevertheless, the question of who will be in control is not entirely clear and there must be some risk of a boardroom struggle with United's Lord Stevens.

The deal may, of course, be derailed. With MAI's share price 7 per cent higher than the value of United's offer, the market thinks it is the more likely to attract suitors. Carlton Communications, another big ITV group, would no doubt be keen as mustard if it *could finance a deal and find a way of* assuaging competition concerns. But that would be a tall order.

FT-SE Eurotrack 200:
1655.0 (-8.8)

Media wedding

Share prices relative to the FT-SE-A All-Share Index



Source: FT Extel

Ericsson

A performance which just about meets analysts' expectations is not usually a cause for celebration. But given the pricing pressures in the mobile telecommunications industry, Ericsson's 1995 results look positively impressive. Its main rivals, Nokia and Motorola, both recently issued profit warnings. Ericsson's main advantage is its lower exposure to the market in analogue handsets, where margins have come under pressure, especially in the US. Ericsson, on the other hand, is mainly active in the technically more advanced digital handset market. Of course, there is a danger that *this market will face similar pressures* as the product become a mass-market commodity. That is still some way off though: competing products from Alcatel and Siemens have been slow to appear. In the meantime, Ericsson has established strong brand recognition. And, given its heavy expenditure on research and development, its chances of staying at the forefront of technology are better than most.

Ericsson has another advantage over its rivals: it has been able to limit redundancies by transferring large numbers of staff from its public telecommunications operation to its growing mobile business, thus incurring lower restructuring costs.

With earnings expected to increase by 20 per cent annually for the next few years, Ericsson is that rare commodity, a blue-chip growth stock. Given that, there is still scope for the *share price, currently trading at about* 18 times 1996 earnings, to appreciate.

Eurotunnel

Eurotunnel probably has little choice over the appointment of a *mandataire ad hoc* – a mediator between the company and its creditors under French bankruptcy law. And because the mediator has little power, appointing one is unlikely to shift the balance of power between Eurotunnel and its banks. On the other hand, the mediator's presence at the negotiating table would be a reminder to the banks that, if the talks failed, they could be sucked into a nightmarish French insolvency process. Sir Alastair Morton, the company's co-chairman, has everything to gain from encouraging *banks to stare into this abyss.*

Whether he succeeds in persuading the banks to take some of Eurotunnel's pain is, of course, another matter. But it may be in their interest to do so. If the banks refuse to budge, they risk, in effect, having to lend more and more: the debt mountain *could spiral upwards*, as unpaid interest accumulates. Converting a big chunk of debt – or even interest payments – into equity would reduce this risk. And at the same time, it offers the best hope for existing shareholders of ever earning any dividends. Whether both banks and shareholders could be cajoled to accept this, though, is another question.

Farnell Electronics

Farnell's $2.8bn acquisition of Premier has become a test case for corporate governance. Standard Life's public declaration that it intends to vote against the deal is a refreshing change from the City's usual behind-the-scenes arm-twisting.

Farnell has argued eloquently that is trying to create a world-class electronics distributor. This misses the point. The debate is not over industrial logic but price. Farnell is offering to pay a near 40 per cent premium. A straight merger with no premium on either side would be more equitable. If the combination of Farnell and Premier really is a case of one plus one makes three, shares in both companies should rise, benefiting both sets of shareholders. As the deal is currently structured, however, Premier's shareholders get all the gain up-front, while Farnell investors face at least one year of earnings dilution and the risk of something going wrong.

Farnell says it is paying a premium to run the enlarged group. The management may well be delighted to be in charge of a bigger group; but that is irrelevant to shareholders. Farnell also ignores the point that the largest investor in the new Premier Farnell will be Mr Morton Mandel, Premier's founder. The scope for upsets in an acquisition of this size make this a much more important issue than, say, executive pay. Shareholders should vote against this deal. Those who have questioned the deal in private should follow the example of Standard Life.

Additional Lex comment on British Gas, Page 30

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